14 November 2006

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

Interim Results for Fiscal 2007

MARUWA CO., LTD. today announced interim consolidated business results for the fiscal year ending 31 March 2007 as follows;

*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 = 117.90yen.

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

I. Summary of Consolidated Interim Results

(1) Summary of consolidated statement of income

		JPY million		JPY million	USD thousand
	For 6-month period 1 Apr. - 30 Sept. 2006	For 6-month period 1 Apr. - 30 Sept. 2005	Change %	For year ended 31 March 2006	For 6-month period 1 Apr. - 30 Sept. 2006
Net sales	**9,763**	9,005	8.4%	20,278	82,807
Operating income	**822**	718	14.5%	1,693	6,972
Income before income taxes	**972**	547	77.7%	1,669	8,244
Net income	**631**	282	123.8%	1,135	5,352
		JPY			USD
Net income per share	**57.60**	26.06	121.0%	103.82	0.49
*Average number of issued shares	**10,960,935**	10,803,643		10,880,952	

(2) Summary of consolidated financial condition

	JPY million	JPY million			USD thousand
	As of 30 Sept. 2006	As of 30 Sept. 2005	Change %	As of 31 March 2006	As of 30 Sept. 2006
Total Assets	**32,496**	30,538	6.4%	33,044	275,623
Shareholders' equity	**27,037**	25,272	7.0%	26,557	229,321
Shareholders' equity ratio	**83.2%**	82.8%		80.4%	
		JPY			USD
Shareholders' equity per share	**2,465.43**	2,315.35	6.5%	2,423.40	20.91
*Number of issued shares at the year end	**10,966,660**	10,914,860		10,956,360	

(3) Summary of consolidated statement of cash flows

	JPY million	JPY million			USD thousand
	For 6-month period 1 Apr. - 30 Sept. 2006	For 6-month period 1 Apr. - 30 Sept. 2005	Change %	For year ended 31 March 2006	For 6-month period 1 Apr. - 30 Sept. 2006
Net cash provided by operating activities	**788**	423	86.3%	2,036	6,684
Net cash used in investing activities	**(1,425)**	(181)	687.3%	(1,234)	(12,087)
Net cash used in financing activities	**(185)**	164	212.8%	51	(1,569)
Cash and cash equivalents at end of term	**7,226**	7,401	-2.4%	7,899	61,289

II. Outlook for the full fiscal 2007 ending 31 March 2007

	JPY million
	Full year
Net sales	24,530
Net income	1,690
Net income per share	154.25

*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 survive among severe global business competition as well as to develop No.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 have made efforts to increase dividends since the previous term, focusing on profit returns to shareholders while we hold the internal reserves for strategic investment required to expand our core business continuously.

(3) Targeted management indices

MARUWA emphasizes operating income ratio as an important index to indicate profitability. We set a medium-to-long term target - net sales 40 billion yen and 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

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. As a result, we achieved the enhancement of financial condition and the establishment of profitability. Now the whole MARUWA group is focusing on the mid-term target - total sales 40 billion yen / operating income margin 20%.

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.

Together with above expansion strategy, MARUWA aims for being a respected company by sticking with the basis of manufacturing and contributing to local societies with fulfillment of social responsibility.

Management issues

1. Enhance the businesses acquired through M&A

The businesses acquired through M&A in the past have grown by management efforts from deficit to the level that can contribute to revenue. We will start working for new growth, further enhancing the business structure as well as adding synergetic effects with our core businesses.

2. Start the mass-production of new developed products

We will start the mass-production of the products developed with our unique material technology to earn profits aggressively.

3. Improve material technology and product development capability

For more customers' satisfaction, each product will be staffed with sales engineers in charge of product planning and development in order to supply products that meet the needs of customers in rapidly changing markets in the name of 'MARUWA of material technology'.

4. Strengthen the sales force in overseas

To increase sales in the global manufacturing areas of our customers and the markets of important international companies, we will strengthen and increase overseas sales sites, take the needs of customers in advance, expand new customers, and improve our market shares.

Review of Operations and Financial Condition

I. Operating Results

Quarterly JPY million

	Fiscal 2006				**Fiscal 2007**	
	1Q	2Q	3Q	4Q	**1Q**	**2Q**
Net sales	4,481	4,524	5,082	6,191	**4,878**	**4,885**
Operating income	398	321	522	452	**420**	**402**
Net income	51	231	399	454	**357**	**274**

Semiannually JPY million

	Fiscal 2006		**Fiscal 2007**
	For 6-month period 1 April - 30 Sept 2005	For 6-month period 1 Oct.2005 - 31 Mar. 2006	**For 6-month period 1 Apr. - 30 Sept. 2006**
Net sales	9,005	11,273	**9,763**
Operating income	718	975	**822**
Net income	282	853	**631**

(1) Review of operations

Japanese economy in the first half of this fiscal term has been favorable, supported by increases of capital expenditures among enterprises and by consumer spending. Global economy continued to expand as U.S economy showed underlying strength.

In such circumstances, our business environment has been generally solid, influenced by an aggressive production increase trend in IT-related industries.

Net sales in this first half were 9,763 million yen, an increase of 8.4% with the first half of the previous year.

As for profits, operating income increased 14.5% to 822 million yen compared to the previous fist half due to a revenue increase in Circuit Ceramics, contribution by Machinery Ceramics, which was enhanced in profitability through the last year, and a decrease of loss in Lighting Equipment business in spite of expenses for the reorganization of manufacturing equipments.

Net income increased 123.8% to 631 million yen compared to the first half of last year.

Considering operating results stated above, as for interim dividend in this first half, we will pay 12 yen per share, as announced in May 2006, up 3 yen compared with the previous first half.

(2) Review of operating results by segment

JPY million

	Fiscal 2006		Fiscal 2007
	For 6-month period 1 Apr. - 30 Sept. 2005	For 6-month period 1 Oct.05 - 31 Mar. 2006	**For 6-month period 1 Apr. - 30 Sept. 2006**
Ceramic Components:			
Net sales	8,299	8,329	**8,843**
Operating income	1,198	1,036	**1,294**
Lighting Equipment:			
Net sales	706	2,944	**920**
Operating income	(244)	217	**(124)**
Total:			
Net sales	9,005	11,273	**9,763**
Operating income	954	1,253	**1,170**
Elimination:			
Net sales	--	--	**--**
Operating income	(236)	(278)	**(348)**
Consolidated:			
Net sales	9,005	11,273	**9,763**
Operating income	718	975	**822**

Quarterly sales results of Ceramic Components segment by product division

JPY million

	Fiscal 2006				Fiscal 2007	
	1Q	2Q	3Q	4Q	**1Q**	**2Q**
Circuit Ceramics	1,649	1,576	1,519	1,601	**1,778**	**1,908**
Machinery Ceramics	1,129	1,117	1,135	1,063	**1,148**	**1,189**
RF Products	344	364	417	464	**407**	**354**
EMC Components	1,096	1,024	1,075	1,055	**1,046**	**1,013**
Total	4,218	4,081	4,146	4,183	**4,379**	**4,464**

*RF=Radio Frequency

JPY million

	Fiscal 2006		Fiscal 2007
	For 6-month period 1 Apr. - 30 Sept. 2005	For 6-month period 1 Oct.05 - 31 Mar. 2006	**For 6-month period 1 Apr. - 30 Sept. 2006**
Circuit Ceramics	3,225	3,120	**3,686**
Machinery Ceramics	2,246	2,198	**2,337**
RF Products	708	881	**761**
EMC Components	2,120	2,130	**2,059**
Total	8,299	8,329	**8,843**

*RF=Radio Frequency

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 3,686 million yen, up 14.3% compared to the first half of the previous term, reflected solid orders in information communication devices such as mobile phones 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, an increase of demand for large substrates for power modules contributed to increase in revenue.

Machinery Ceramics

Machinery Ceramics include quarts 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, which had been inactive in the second half of last year, saw a sales recovery; on the other hand, some products which tend to have little demand posted sales decreases. Therefore, total interim sales were 2,337 million yen, up 4.1% compared to the interim results of last year.

Radio Frequency Products

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

Total sales of this division were 761 million yen, up 7.5% compared to the interim results of last term.

Device products sales 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 2,059 million yen, down 2.9% compared to the last first half.

EMI filters and chip varistors increased in sales; on the other hand, 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 first half were 920 million yen, an increase of 30.3%, and operating loss was 124 million yen.

Operating loss was significantly reduced due to a sales increase in the first half and cost reduction efforts continued from the previous term.

II. Financial condition

	As of 30 September 2005	As of 31 March 2006	**As of 30 September 2006**	Change to 31 Mar.2006 Amount	%
			JPY million	JPY million	
Total assets	30,538	33,044	**32,496**	-548	-1.7%
Total liabilities	5,266	6,487	**5,459**	-1,028	-15.8%
Total shareholders' equity	25,272	26,557	**27,037**	480	1.8%
Shareholders' equity ratio	82.8%	80.4%	**83.2%**	2.8%	

	For 6-month period 1 Apr. - 30 Sept. 2005	For 6-month period 1 Oct. 05 - 31 Mar. 2006	**For 6-month period 1 Apr. - 30 Sept. 2006**	Change to 30 Sept. 2005 Amount	%
			JPY million	JPY million	
Net cash provided by operating activities	423	1,613	**788**	365	86.3%
Net cash used in investing activities	(181)	(1,053)	**(1,425)**	-1244	687.3%
Net cash used in financing activities	164	(113)	**(185)**	-349	212.8%
Cash and cash equivalents at end of term	7,401	7,899	**7,226**	-175	-2.4%
Net sales	9,005	11,273	**9,763**	758	-8.4%
Capital expenditures	746	991	**1,155**	409	54.8%
Depreciation	756	858	**805**	49	6.5%

Total assets at the end of at the end of this first half were 32,496 million yen, a decrease of 548 million yen compared to the end of last term as a result of operating activities in this half year. This was mainly due to a decrease in trade notes and accounts receivable in relation to a distinctive business trend at MARUWA SHOMEI Co., Ltd. Inventories increased 211 million yen, and net property, plant and equipment increased 286 million yen due to an increase of machineries with capital expenditures compared to last year end, respectively.

Total liabilities decreased 5,459 million yen, a decrease of 1,028 million yen compared to the last year end due also to a decrease in trade notes and accounts payable at MARUWA SHOMEI.

Shareholders' equity increased 480 million yen with payment of dividends and posting of net income.

As a result, shareholders' equity ratio at the end of this first half end was 83.2%, up 2.8 points from the previous year end.

Net cash provided from operating activities was 788 million yen, up 365 million yen compared with the previous first half due mainly to 972 million yen of net income before taxes, 805 million yen of depreciation, and 300 million yen of a decrease in retirement benefits.

Net cash used in investing activities totaled 1,425 million yen, up 1,244 million yen compared to the first half of previous year, due especially to capital expenditures to prepare for an increase in Circuit Ceramics production; 1,023 million yen in payment for purchase of net property, plant and equipment; 286 million yen in loan receivable mainly for a subsidiary in India.

Net cash used in financing activities amounted to 185 million yen, increasing 349 million yen from the last first half mostly because of 74 million yen of loan payment and 132 million yen of dividends payment.

Consequently, cash and cash equivalents at the end of this first half were 7,226 million yen, down 175 million yen compared to the end of the previous first half since 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;

	For year ended 31 March 2005		For year ended 31 March 2006		**For year ended 31 March 2007**
	Interim	Final	Interim	Final	**Interim**
Shareholders' equity ratio	84.8%	85.5%	82.8%	80.4%	**83.2%**
Shareholders' equity ratio at market value	64.7%	80.3%	104.7%	100.8%	**97.2%**
Debt redemption period (year)	0.2	0.1	0.5	0.2	**0.3**
Interest coverage ratio	427.2	316.1	203.4	251.9	**233.0**

Note)

Shareholders' equity ratio : Shareholders' equity / Total assets

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

Debt redemption period : Interest-bearing debts / Cash flows from operating activities

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

*Each index is calculated with 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.

III. Outlook for Full Fiscal 2007

JPY million

	For year ended 31st March 2006	**For year ending 31st March 2007**	Change Amount	%
Net sales	20,278	**24,530**	4,252	21.0%
Operating income	1,693	**2,750**	1,057	62.4%
Net income	1,135	**1,690**	555	48.9%

As for Ceramic Components business, a high demand is continuously expected in the electronic components market.

In Circuit Ceramics division, new equipments were installed for production increase in this first half in order to further expand a market share in Alumina substrates, expecting its effect in the second half of this year.

Machinery Ceramics division expects solid demands for quartz glass products even though some products are coming to an end.

In Radio Frequency Products division, sales of thin film products decreased, but it will recover to a certain level. Sales of device products are expected to recover in demand from the second half of this term.

EMC Components division will aggressively expand in sales as sales increases for component lineups including EMI filters and inductors in the second half.

Considering these conditions, outlook for fiscal 2007 is not changed from the figures announced in May 2006. Meanwhile, net income is expected to include a loss of 100 million yen from disposal of equipments.

*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 19.3% of total sales for the first half ended in September 2006. 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.

12. Product liability

MARUWA group are making full efforts to ensure optimal quality suited for characteristics of products. However, in the event of unexpected quality problem, operating results of the group may be significantly affected.

Consolidated Balance Sheet

	JPY million					USD thousand
	As of 30 September 2006	As of 30 September 2005	Change	As of 31st March 2006	Change	As of 30 September 2006
ASSETS						
Current assets:						
Cash & deposits	**7,247**	7,403	(156)	7,899	(652)	61,467
Notes and accounts receivable, trade	**6,542**	5,719	823	7,003	(461)	55,488
Inventories	**3,080**	2,723	357	2,869	211	26,124
Other current assets	**667**	448	219	834	(167)	5,657
Allowance for doubtful accounts	**(9)**	(7)	(2)	(17)	8	(76)
Total current assets	**17,527**	16,286	1,241	18,588	(1,061)	148,660
Fixed assets:						
(Property, plant & equipment)						
Land	**3,454**	3,246	208	3,412	42	29,296
Building & structures	**3,842**	3,991	(149)	3,969	(127)	32,587
Machinery & equipments	**4,132**	3,917	215	3,949	183	35,047
Construction in progress	**298**	134	164	152	146	2,528
Other	**647**	563	84	605	42	5,487
Net property, plant & equipment	**12,373**	11,851	522	12,087	286	104,945
(Investment & other assets)						
Investment securities	**749**	809	(60)	784	(35)	6,353
Other	**1,847**	1,592	255	1,585	262	15,665
Total investments & other assets	**2,596**	2,401	195	2,369	227	22,018
Total fixed assets	**14,969**	14,252	717	14,456	513	126,963
Total assets	**32,496**	30,538	1,958	33,044	(548)	275,623
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities:						
Notes & accounts payable, trade	**1,639**	1,403	236	2,590	(951)	13,902
Accrued bonus	**344**	233	111	334	10	2,918
Other current liabilities	**2,149**	1,959	190	2,057	92	18,227
Total current liabilities	**4,132**	3,595	537	4,981	(849)	35,047
Long-term liabilities:						
Long-term debt	**114**	261	(147)	187	(73)	967
Accrued pension & severance costs	**177**	322	(145)	300	(123)	1,501
Other	**1,036**	1,088	(52)	1,019	17	8,787
Total long-term liabilities	**1,327**	1,671	(344)	1,506	(179)	11,255
Total liabilities	**5,459**	5,266	193	6,487	(1,028)	46,302

					JPY million	USD thousand
	As of 30 September 2006	As of 30 September 2005	Change	As of 31st March 2006	Change	As of 30 September 2006
Shareholders' equity:						
Common stock, no par value	**6,710**	6,683	27	6,710	--	56,913
Capital surplus	**9,747**	9,735	12	9,747	--	82,672
Retained earnings	**10,954**	9,768	1,186	10,522	432	92,909
Net unrealized gains (losses) on available-for-sale securities	**0**	44	(44)	38	(38)	0
Foreign currency translation adjustment	**(143)**	(680)	537	(206)	63	(1,213)
Advance on subscription of own shares	**1**	8	(7)	--	1	8
Treasury stock, at cost	**(232)**	(286)	54	(254)	22	(1,968)
Total shareholders' equity	**27,037**	25,272	1,765	26,557	480	229,321
Total liabilities & shareholders' equity	**32,496**	30,538	1,958	33,044	(548)	275,623

Consolidated Statements of Income

				JPY million	USD thousand
	For 6-month period 1 Apr. - 30 Sept. 2006	For 6-month period 1 Apr. - 30 Sept. 2005	Change	For year ended 31st March 2006	For 6-month period 1 Apr. - 30 Sept. 2006
Net sales	**9,763**	9,005	758	20,278	82,807
Cost of sales	**6,919**	6,342	577	14,494	58,685
Gross profit	**2,844**	2,663	181	5,784	24,122
Selling, general & administrative expenses	**2,022**	1,945	77	4,091	17,150
Operating income	**822**	718	104	1,693	6,972
Other income (expenses):					
Interest & dividend income	**22**	18	4	35	187
Interest expenses	**(3)**	(4)	1	(8)	(25)
Foreign exchange gain (loss), net	**41**	(70)	111	(158)	348
Other, net	**90**	(115)	205	107	762
Other income, net	**150**	(171)	321	(24)	1,272
Income before income taxes	**972**	547	425	1,669	8,244
Income taxes:					
Current	**331**	97	234	299	2,807
Deferred	**10**	168	(158)	235	85
	341	265	76	534	2,892
Net income	**631**	282	349	1,135	5,352

Consolidated Statements of Shareholders' Equity

JPY million

	Common stock	Capital surplus	Retained earnings	Net unrealized gains(losses) on available-for-sale securities	Foreign currency translation adjustment	Treasury stock	Advance on subscription of own shares	Total shareholders' equity
Balance at 31 March 2006	6,710	9,747	10,522	38	(206)	(254)	--	26,557
Net income			631					631
Cash dividends			(131)					(131)
Directors' bonus			(5)					(5)
Decrease on new consolidation			(60)					(60)
Change in net unrealized gains on available-for- sale securities				(38)				(38)
Translation adjustment					63			63
Advance on subscription of own shares							1	1
Changes in treasury stock			(3)			22		19
Balance at 30 September 2006	**6,710**	**9,747**	**10,954**	**0**	**(143)**	**(232)**	**1**	**27,037**

	Common stock	Capital surplus	Retained earnings	Net unrealized gains(losses) on available-for-sale securities	Foreign currency translation adjustment	Treasury stock	Advance on subscription of own shares	Total shareholders' equity
								USD thousand
Balance at 31 March 2006	56,913	82,672	89,245	321	(1,747)	(2,154)	--	225,250
Net income			5,352					5,352
Cash dividends			(1,111)					(1,111)
Directors' bonus			(42)					(42)
Decrease on new consolidation			(510)					(510)
Change in net unrealized gains on available-for- sale securities				(321)				(321)
Translation adjustment					534			534
Advance on subscription of own shares							8	8
Changes in treasury stock			(25)			186		161
Balance at 30 September 2006	**56,913**	**82,672**	**92,909**	**0**	**(1,213)**	**(1,968)**	**8**	**229,321**

Consolidated Statement of Cash Flows

	For 6-month period 1 Apr. - 30 Sept. 2006	For 6-month period 1 Apr. - 30 Sept. 2005	Change	JPY million For year ended 31st March 2006	USD thousand For 6-month period 1 Apr. - 30 Sept. 2006
Operating activities:					
Income before income taxes	**972**	547	425	1,669	8,244
Adjustments for:					
Depreciation	**805**	756	49	1,614	6,828
Amortization of consolidation goodwill	**(107)**	(107)	--	(214)	(908)
Increase (decrease) in allowance for doubtful accounts	**(9)**	(4)	(5)	7	(76)
Increase(decrease) in accrued pension & severance costs	**(300)**	(856)	556	(878)	(2,545)
Loss (gain) on sales of investment securities	**--**	--	--	(146)	--
Loss on disposal of property, plant & equipment	**55**	79	(24)	140	466
Interest & dividends income	**(22)**	(18)	(4)	(39)	(187)
Foreign exchange (gain) loss	**(35)**	56	(91)	159	(297)
(Increase) decrease in notes & accounts receivable	**610**	903	(293)	(303)	5,174
(Increase) decrease in inventories	**(143)**	82	(225)	(23)	(1,213)
Increase (decrease) in accounts payable	**(1,081)**	(1,416)	335	(250)	(9,169)
Other	**267**	458	(191)	389	2,267
Sub total	**1,012**	480	532	2,125	8,584
Interest & dividend income received	**21**	17	4	38	178
Interest expenses paid	**(3)**	(4)	1	(8)	(25)
Income taxes paid	**(242)**	(70)	(172)	(119)	(2,053)
Net cash provided by operating activities	**788**	423	365	2,036	6,684
Investment activities:					
Payments for purchase of property, plant & equipment	**(1,023)**	(466)	(557)	(1,452)	(8,677)
Proceeds from sales of property, plant & equipment	**165**	8	157	78	1,399
Payments for disposal of property, plant & equipment	**--**	(46)	46	(47)	--
Payments for purchase of investment securities	**(198)**	(59)	(139)	(309)	(1,679)
Proceeds from sales of investment securities	**--**	5	(5)	163	--
Proceeds from purchase of stocks of subsidiaries	**--**	358	(358)	358	--
Payments for purchase of stocks of subsidiaries	**(67)**	--	(67)	(23)	(568)
Loan receivable	**(286)**	--	(286)	--	(2,426)
Increase in intangible fixed assets	**(4)**	(10)	6	(29)	(34)
Other	**(12)**	29	(41)	27	(102)
Net cash used in investing activities	**(1,425)**	(181)	(1,244)	(1,234)	(12,087)

	For 6-month period 1 Apr. - 30 Sept. 2006	For 6-month period 1 Apr. - 30 Sept. 2005	Change	JPY million For year ended 31st March 2006	USD thousand For 6-month period 1 Apr. - 30 Sept. 2006
Financing activities:					
Payments of long-term debt	**(74)**	(74)	--	(147)	(628)
Proceeds from issue of new shares	**--**	--	--	52	--
Cash dividends paid	**(132)**	(81)	(51)	(180)	(1,111)
Sales of treasury stock	**23**	311	(288)	349	195
Advance on subscription of own shares	**1**	8	(7)	--	0
Purchase of treasury stock	**(3)**	0	(3)	(23)	(25)
Net cash provided by (used in) financing activities	**(185)**	164	(349)	51	(1,569)
Effect of exchange rate changes on cash & cash equivalents	**55**	60	(5)	111	466
Net increase (decrease) in cash & cash equivalents	**(767)**	466	(1,233)	964	(6,506)
Cash and cash equivalents at beginning of year	**7,899**	6,935	964	6,935	66,997
Increase in cash & cash equivalents on new consolidation	**94**	--	--	--	798
Cash and cash equivalents at end of year	**7,226**	7,401	(175)	7,899	61,289

Segment Information

(1) Consolidated business segment information

	JPY million		JPY million	USD thousand
	For 6-month period 1 Apr. - 30 Sept. 2006	For 6-month period 1 Apr. - 30 Sept. 2005	For year ended 31 March 2006	For 6-month period 1 Apr. - 30 Sept. 2006
Ceramic Components:				
Net sales	**8,843**	8,299	16,628	75,004
Operating expenses	**7,549**	7,101	14,394	64,029
Operating income	**1,294**	1,198	2,234	10,975
Lighting Equipment:				
Net sales	**920**	706	3,650	7,803
Operating expenses	**1,044**	950	3,677	8,855
Operating income	**(124)**	(244)	(27)	(1,052)
Total:				
Net sales	**9,763**	9,005	20,278	82,807
Operating expenses	**8,593**	8,051	18,071	72,884
Operating income	**1,170**	954	2,207	9,923
Elimination:				
Net sales	**--**	--	--	--
Operating expenses	**348**	236	514	2,951
Operating income	**(348)**	(236)	(514)	(2,951)
Consolidated:				
Net sales	**9,763**	9,005	20,278	82,807
Operating expenses	**8,941**	8,287	18,585	75,835
Operating income	**822**	718	1,693	6,972

(2) Consolidated geographic segment information

	JPY million		JPY million	USD thousand
	For 6-month period 1 Apr. - 30 Sept. 2006	For 6-month period 1 Apr. - 30 Sept. 2005	For year ended 31 March 2006	For 6-month period 1 Apr. - 30 Sept. 2006
JAPAN				
Net sales:				
Unaffiliated customers	**6,992**	6,991	16,170	59,304
Intersegment	**904**	355	830	7,668
Total	**7,896**	7,346	17,000	66,972
Operating cost	**7,122**	6,685	15,354	60,407
Operating income (loss)	**774**	661	1,646	6,565
ASIA				
Net sales:				
Unaffiliated customers	**1,994**	1,767	3,528	16,913
Intersegment	**745**	621	1,349	6,319
Total	**2,739**	2,388	4,877	23,232
Operating cost	**2,309**	1,987	4,206	19,585
Operating income (loss)	**430**	401	671	3,647

	JPY million		JPY million	USD thousand
	For 6-month period 1 Apr. - 30 Sept.	For 6-month period 1 Apr. - 30 Sept.	For year ended 31 March	For 6-month period 1 Apr. - 30 Sept.
	2006	2005	2006	2006
EUROPE and AMERICA				
Net sales:				
Unaffiliated customers	**777**	247	579	6,590
Intersegment	**1**	1	2	8
Total	**778**	248	581	6,598
Operating cost	**743**	284	617	6,301
Operating income (loss)	**35**	(36)	(36)	297
TOTAL				
Net sales:				
Unaffiliated customers	**9,763**	9,005	20,278	82,807
Intersegment	**1,650**	977	2,181	13,995
Total	**11,413**	9,982	22,459	96,802
Operating cost	**10,174**	8,956	20,177	86,293
Operating income (loss)	**1,239**	1,026	2,282	10,509
ELIMINATION				
Net sales:				
Total	**(1,650)**	(977)	(2,181)	(13,995)
Operating cost	**(1,233)**	(669)	(1,592)	(10,458)
Operating income (loss)	**(417)**	(308)	(589)	(3,537)
CONSOLIDATED				
Net sales:				
Total	**9,763**	9,005	20,278	82,807
Operating cost	**8,941**	8,287	18,585	75,835
Operating income (loss)	**822**	718	1,693	6,972

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

	JPY million		JPY million	USD thousand
	For 6-month period 1 Apr. - 30 Sept.	For 6-month period 1 Apr. - 30 Sept.	For year ended 31st March	For 6-month period 1 Apr. - 30 Sept.
	2006	2005	2006	2006
Overseas sales:				
Asia	**3,240**	3,055	6,376	27,481
Europe	**320**	200	375	2,714
Others	**316**	217	495	2,680
Total	**3,876**	3,472	7,246	32,875
Consolidated net sales	**9,763**	9,005	20,278	82,807
% of consolidated net sales:				
Asia	**33.2%**	33.9%	65.3%	
Europe	**3.3%**	2.2%	3.8%	
Others	**3.2%**	2.5%	5.1%	
Total	**39.7%**	38.6%	74.2%	

*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.