



## II. Dividends

	JPY per share	
	Fiscal 2007	Fiscal 2008
Interim	12	<b>12</b>
Year-end	12	<b>12 (forecast)</b>
Annual	24	<b>24 (forecast)</b>

## III. Outlook for fiscal 2008 ending 31 March 2008

	JPY million	
	Full year	Change %
Net sales	<b>21,480</b>	2.0%
Operating income	<b>2,120</b>	10.2%
Net income	<b>1,400</b>	4.9%
Net income per share	<b>129.43</b>	

\*Cautionary statements: The above forecasts include forward-looking statements involving risks and uncertainties. Due to a number of factors, actual results may differ significantly from these estimates.

## Review of Operations

### 1. Analysis of operating results

#### Consolidated operating results

##### Quarterly

	JPY million					
	Fiscal 2007			Fiscal 2008		
	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	4,878	4,885	5,644	5,655	<b>4,719</b>	<b>5,118</b>
Operating income	420	402	489	613	<b>359</b>	<b>417</b>
Net income	357	274	331	372	<b>272</b>	<b>295</b>

##### Half year

	JPY million		
	Fiscal 2007		Fiscal 2008
	For 6-month period	For 6-month period	For 6-month period
	1 Apr. - 30 Sept. 2006	1 Oct.06 - 31 Mar. 07	1 Apr. - 30 Sept. 2007
Net sales	9,763	11,299	<b>9,837</b>
Operating income	822	1,102	<b>776</b>
Net income	631	703	<b>567</b>

Japanese economy in the first half of this fiscal year has generally been solid with an increasing trend of export powered by high economic growth in Asia and demands in emerging countries. This brisk economy, however, weakened to some extent since the uncertainty of the future economy prevailed as material prices hovered at a high level and the U.S market decelerated due to adjustments in a housing market.

Under these circumstances, in the IT-related markets, inventory adjustments progressed in the beginning of this year. Demands are now in a moderate recovering trend based on the global market expansion of flat panel TVs or PCs.

Our consolidated net sales in this first half were 9,837 million yen, up 0.8% compared to the interim results of last year.

As for profits, operating income decreased 5.6% to 776 million yen, compared to the first half of last year. The transfer and reorganization of production equipment of the Machinery Ceramics division squeezed the profit. Net income was 567 million yen, down 10.1% due mainly to 193 million yen of loss on disposal of fixed assets.

## By business segment

	JPY million		
	Fiscal 2007		Fiscal 2008
	For 6-month period 1 Apr. - 30 Sept. 2006	For 6-month period 1 Oct.06 - 31 Mar. 07	For 6-month period 1 Apr. - 30 Sept. 2007
<b>Ceramic Components:</b>			
Net sales	8,843	9,498	<b>9,286</b>
Operating income	1,294	1,282	<b>1,186</b>
<b>Lighting Equipment:</b>			
Net sales	920	1,801	<b>551</b>
Operating income	(124)	51	<b>(131)</b>
<b>Total:</b>			
Net sales	9,763	11,299	<b>9,837</b>
Operating income	1,170	1,333	<b>1,055</b>
<b>Elimination:</b>			
Net sales	--	--	<b>--</b>
Operating income	(348)	(231)	<b>(279)</b>
<b>Consolidated:</b>			
Net sales	9,763	11,299	<b>9,837</b>
Operating income	822	1,102	<b>776</b>

## Ceramic Component segment - sales by product division

### Quarterly

	JPY million					
	Fiscal 2007			Fiscal 2008		
	1Q	2Q	3Q	4Q	1Q	2Q
Circuit Ceramics	1,778	1,908	2,227	1,690	<b>1,692</b>	<b>1,868</b>
Machinery Ceramics	1,148	1,189	1,354	1,255	<b>1,325</b>	<b>1,330</b>
RF Products	407	354	504	370	<b>474</b>	<b>492</b>
EMC Components	1,046	1,013	1,069	1,029	<b>1,041</b>	<b>1,064</b>
Total	4,379	4,464	5,154	4,344	<b>4,532</b>	<b>4,754</b>

### Half year

	JPY million		
	Fiscal 2007		Fiscal 2008
	For 6-month period 1 Apr. - 30 Sept. 2006	For 6-month period 1 Oct.06 - 31 Mar. 07	For 6-month period 1 Apr. - 30 Sept. 2007
Circuit Ceramics	3,686	3,917	<b>3,560</b>
Machinery Ceramics	2,337	2,609	<b>2,655</b>
RF Products	761	874	<b>966</b>
EMC Components	2,059	2,098	<b>2,105</b>
Total	8,843	9,498	<b>9,286</b>

## **Ceramic Components segment**

Total sales of this segment in the first half of this year were 9,286 million yen, down 5.0% compared to the first half of the previous year. Operating income was 1,186 million yen, down 8.3%.

After the first quarter which had been inactive due to inventory adjustments in markets, demands started to recover in the second quarter. Profits, however, decreased due to transfer and reorganization of production equipment in the Machinery Ceramics division to a manufacturing subsidiary in Malaysia

## **Circuit Ceramics**

The Circuit Ceramics division includes ceramic substrates for chip resistors which are essential for a wide range of electronic appliances, glazed substrates for thermal printer head (TPH) used for FAX or bar code label printers, large ceramic substrates for hybrid ICs, and Aluminum Nitride (AlN) substrates used for power modules or automotive components.

Total sales of this division were 3,560 million yen, down 3.4% compared to the same period last year because demands for glazed substrates and large ceramic substrates, which had moved at a high level last year, decreased.

## **Machinery Ceramics**

The Machinery Ceramics division includes quartz glass products especially for semiconductor equipment, magnetic head-supporting blocks for PCs, ceramic faucet valves, and ferrite magnet materials used for measuring equipment or medical purposes. Products in this division require high precision processing techniques.

Sales of quartz glass products increased; on the other hand, sales decreased particularly for the product for which demand comes to an end in a market. Total sales in this first half were 2,655 million yen, up 13.6% compared to the same period last year.

## **Radio Frequency Products**

The Radio Frequency Products division includes device products such as band pass filters used mainly for wireless communication industries, dielectric ceramic filters required in mobile communication industries, thin film substrates used for optical information/communication industries, and multi-layer ceramic substrates for automotive components.

Total sales of this division in the first half jumped 26.9% to 966 million yen compared to the first half last year due mainly to that sales of multi-layer ceramic substrates started to be added in this division since this year.

## **EMC Components**

The EMC Components division includes multi-layer ceramic capacitors of high-voltage/high-capacitance especially used for digital cameras, LCD backlights, or power supply parts of electronic devices, and a product line as a countermeasure against noise/surge, including EMI filters, chip varistors, chip beads and inductors. There are increasing demands for such components for various electronic appliances such as communication tools, including mobile phones and PCs, digital home appliances, amusement equipment or automotive electronic devices.

Total sales in this period were 2,105 million yen, up 2.2% compared to the same period last year.

Some products, including EMI filters grew in Asia to increase revenues.

## Lighting Equipment segment

This segment includes lighting equipment for public works such as roads and bridges, and most of sales are particularly posted in the end of a fiscal year as expenses exceed sales until then.

Total sales in this period decreased 40.1% to 551 million yen from the same period last year, and operating loss was 131 million yen.

Although lighting equipment for public works significantly dropped, operating loss increased only by 7 million yen due to our cost reduction efforts.

## Outlook for fiscal 2008

Outlook for fiscal 2008 was announced today in "Notice regarding the revision of operating results forecast for fiscal 2008."

	JPY million		
	For year ended 31 March 2007	For year ending 31 March 2008	Change %
Net sales	21,062	<b>21,280</b>	1.0%
Operating income	1,924	<b>2,120</b>	10.2%
Net income	1,334	<b>1,400</b>	4.9%

## Sales by business segment

	JPY million		
	For year ended 31 March 2007	For year ending 31 March 2008	Change %
Ceramic Components	18,341	<b>19,180</b>	4.6%
Lighting Equipment	2,721	<b>2,100</b>	-22.8%
Total	21,062	<b>21,280</b>	1.0%

In this fiscal year, sales of the Ceramic Component segment recovered in the second quarter from a slowdown in the first quarter influenced by inventory adjustments from the last year-end. On the other hand, in the second half of this year, sales growth will gradually slow down due to uncertainty in the semiconductor-equipment market.

According to the above, net sales forecast is 21,280 million yen, 1.0% up from the last year, operating income are 2,120 million yen, up 10.2%, and net income are 1,400 million yen, up 4.9% million yen.

## Sales forecast for the Ceramic Component segment

	JPY million		
	For year ended 31 March 2007	For year ending 31 March 2008	Change %
Circuit Ceramics	7,603	<b>7,610</b>	0.1%
Machinery Ceramics	4,946	<b>5,150</b>	4.1%
RF Products	1,635	<b>1,970</b>	20.5%
EMC Components	4,157	<b>4,450</b>	7.0%
Total	18,341	<b>19,180</b>	4.6%

\*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.

## 2. Analysis of financial condition

	JPY million			JPY million	
	As of 30 September	As of 31 March	As of 30 September	Change	
	2006	2006	2007	Amount	%
Total assets	32,496	33,872	<b>33,121</b>	-751	-2.2%
Total liabilities	5,459	5,965	<b>4,903</b>	-1,062	-17.8%
Total shareholders' equity	27,037	27,907	<b>28,218</b>	311	1.1%
Shareholders' equity ratio	83.2%	82.4%	<b>85.2%</b>	2.8	
	JPY million			JPY million	
	For 6-month period	For 6-month period	For 6-month period	Change	
	1 Apr. - 30 Sept.	1 Oct.06 - 31 Mar.	1 Apr. - 30 Sept.	Amount	%
	2006	2007	2007		
Net cash provided by operating activities	788	634	<b>1,189</b>	401	50.9%
Net cash used in investing activities	(1,425)	(1,604)	<b>(886)</b>	539	-37.8%
Net cash used in financing activities	(185)	(515)	<b>(265)</b>	-80	43.2%
Cash and cash equivalents at end of term	7,226	5,939	<b>6,026</b>	-1,200	-16.6%
Net sales	9,763	11,299	<b>9,837</b>	74	0.8%
Capital investment	1,155	1,195	<b>1,647</b>	492	42.6%
Depreciation	805	935	<b>894</b>	89	11.1%

Total assets at the end of this interim period were 33,121 million yen, a decrease of 751 million yen from the last year-end as a result of operating activities in this period. It is mainly due to a decrease of trade notes and accounts receivable particularly from MARUWA SHOMEI Co., Ltd. Inventories increased 562 million yen, and net property, plant and equipment also increased 452 million yen due to an increase of machinery through investments.

Liabilities were 4,903 million yen, down 1,062 million yen compared to the last year-end also due particularly to a decrease of trade notes and accounts payable at MARUWA SHOMEI.

Total net assets increased 311 million yen due to net income and other factors, in spite of a decrease due to dividend payment.

As a result, equity ratio was 85.2%, up 2.8 points from the last year-end.

Net cash provided from operating activities was 1,189 million yen, an increase of 401 million yen compared to the last interim period especially because of a decrease of trade notes and accounts receivable due to the improvement of trade terms and conditions.

Net cash used in investing activities decreased 539 million yen to 886 million yen from the same period last year as loans provided to subsidiaries decreased while payments for purchase of property, plant and equipment increased.

Net cash used in financing activities was 265 million yen, down 80 million yen compared to the interim period last year, mainly used for purchase of own shares, 87 million yen, and dividends paid by the parent company, 130 million yen.

As a result, cash and cash equivalents at the end of this interim period were 6,026 million yen, a decrease of 1,200 million yen from the same period last year.

Trends of cash-flows indices are as follows;

	JPY million				
	For year ended		For year ended		For year ended
	31 March 2006		31 March 2007		31 March 2008
	Interim	Final	Interim	Final	Interim
Equity ratio	82.8%	80.4%	83.2%	82.4%	<b>85.2%</b>
Equity ratio at market value	104.7%	100.8%	97.2%	76.2%	<b>63.8%</b>
Interest-bearing debt to cash flows ratio (year)	0.5	0.2	0.2	0.1	<b>0.1</b>
Interest coverage ratio	101.7	251.9	233.0	374.2	<b>1,088.1</b>

Note)

Equity ratio : Total net assets / Total assets

Equity ratio at market value : Total market value of shares / Total assets

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

\*Interim cash flows are doubled for index calculation.

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, figures in the consolidated cash flows statements are used. Interest-bearing debt includes all debts for which interests are paid among the liabilities booked in the consolidated balance sheets.

### 3. Dividend policy and dividend of this year

MARUWA considers allocating acquired cash flows from business operations for active investment into new growing fields, dividends calculated through comprehensive analysis of consolidated business results, and saving for internal reserves to control flexibly changes in a business environment. While we secure internal reserves for strategic investment necessary for sustainable expansion of our core business, we focus on profit returns to our shareholders.

Dividend for this interim period will be 12 yen per share, the same amount as the previous interim dividend, as announced in May.

## Consolidated Balance Sheets

			JPY million		USD thousand	
	As of 30 September 2006	As of 30 September 2007	Change	As of 31 March 2007	Change	As of 30 September 2007
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash & deposits	7,247	<b>6,169</b>	(1,078)	6,593	(424)	53,444
Trade notes and accounts receivable	6,542	<b>6,550</b>	8	7,797	(1,247)	56,744
Inventories	3,080	<b>4,121</b>	1,041	3,559	562	35,701
Other current assets	667	<b>694</b>	27	688	6	6,013
Allowance for doubtful accounts	(9)	<b>(42)</b>	(33)	(16)	(26)	(364)
<b>Total current assets</b>	<b>17,527</b>	<b>17,492</b>	(35)	<b>18,621</b>	(1,129)	<b>151,538</b>
<b>Fixed assets:</b>						
<b>(Property, plant &amp; equipment)</b>						
Land	3,454	<b>3,436</b>	(18)	3,434	2	29,767
Buildings & structures	3,842	<b>4,014</b>	172	4,146	(132)	34,774
Machinery & equipment	4,132	<b>4,658</b>	526	4,300	358	40,353
Other	945	<b>1,070</b>	125	846	224	9,270
<b>Net property, plant &amp; equipment</b>	<b>12,373</b>	<b>13,178</b>	805	<b>12,726</b>	452	<b>114,164</b>
<b>(Investments &amp; other assets)</b>						
Investment securities	749	<b>467</b>	(282)	612	(145)	4,046
Other	1,847	<b>1,984</b>	137	1,913	71	17,188
<b>Total investments &amp; other assets</b>	<b>2,596</b>	<b>2,451</b>	(145)	<b>2,525</b>	(74)	<b>21,234</b>
<b>Total fixed assets</b>	<b>14,969</b>	<b>15,629</b>	660	<b>15,251</b>	378	<b>135,398</b>
<b>Total assets</b>	<b>32,496</b>	<b>33,121</b>	625	<b>33,872</b>	(751)	<b>286,936</b>

			JPY million		USD thousand	
	As of 30 September 2006	As of 30 September 2007	Change	As of 31 March 2007	Change	As of 30 September 2007
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Trade notes & accounts payable	1,639	<b>1,353</b>	(286)	2,289	(936)	11,721
Accrued bonus	344	<b>384</b>	40	351	33	3,327
Other current liabilities	2,149	<b>2,207</b>	58	2,243	(36)	19,120
Total current liabilities	<u>4,132</u>	<u><b>3,944</b></u>	(188)	<u>4,883</u>	(939)	<u>34,168</u>
<b>Long-term liabilities:</b>						
Long-term debt	114	<b>132</b>	18	135	(3)	1,144
Accrued retirement benefits	177	--	--	--	--	--
Other	1,036	<b>827</b>	(209)	947	(120)	7,164
Total long-term liabilities	<u>1,327</u>	<u><b>959</b></u>	(368)	<u>1,082</u>	(123)	<u>8,308</u>
Total liabilities	<u>5,459</u>	<u><b>4,903</b></u>	(556)	<u>5,965</u>	(1,062)	<u>42,476</u>
<b>NET ASSETS</b>						
<b>Shareholders' equity:</b>						
Common stock	6,710	<b>6,710</b>	--	6,710	--	58,130
Capital surplus	9,747	<b>9,747</b>	--	9,747	--	84,441
Retained earnings	10,954	<b>12,019</b>	1,065	11,521	498	104,124
Treasury stock, at cost	(232)	<b>(619)</b>	(387)	(537)	(82)	(5,363)
Advance on subscription of own shares	1	--	--	--	--	--
Total shareholders' equity	<u>27,180</u>	<u><b>27,857</b></u>	677	<u>27,441</u>	416	<u>241,332</u>
<b>Valuation and translation adjustments:</b>						
Net unrealized gains (losses) on available-for-sale securities	(0)	<b>(16)</b>	(16)	8	(24)	(138)
Foreign currency translation adjustment	<u>(143)</u>	<u><b>377</b></u>	520	<u>458</u>	(81)	<u>3,266</u>
Total valuation and translation adjustments	<u>(143)</u>	<u><b>361</b></u>	504	<u>466</u>	(105)	<u>3,128</u>
Minority interests	--	<b>0</b>	--	--	--	--
Total net assets	<u>27,037</u>	<u><b>28,218</b></u>	1,181	<u>27,907</u>	311	<u>244,460</u>
Total liabilities & net assets	<u>32,496</u>	<u><b>33,121</b></u>	625	<u>33,872</u>	(751)	<u>286,936</u>

## Consolidated Statements of Income

	JPY million			USD thousand	
	For 6-month period	For 6-month period	Change	For 6-month period	
	1 Apr. - 30 Sept. 2006	1 Apr. - 30 Sept. 2007		1 Apr. - 30 Sept. 2007	
Net sales	9,763	<b>9,837</b>	74	21,062	85,220
Cost of sales	6,919	<b>7,011</b>	92	15,003	60,738
Gross profit	2,844	<b>2,826</b>	(18)	6,059	24,482
Selling, general & administrative expenses	2,022	<b>2,050</b>	28	4,135	17,759
Operating income	822	<b>776</b>	(46)	1,924	6,723
Other income (expenses):					
Interest & dividend income	22	<b>40</b>	18	52	347
Interest expenses	(3)	<b>(1)</b>	2	(5)	(9)
Foreign exchange gain (loss), net	41	<b>11</b>	(30)	(196)	95
Other, net	90	<b>31</b>	(59)	137	268
Other income (expenses), net	150	<b>81</b>	(69)	(12)	701
Income before income taxes	972	<b>857</b>	(115)	1,912	7,424
Income taxes:					
Current	331	<b>252</b>	(79)	448	2,183
Deferred	10	<b>38</b>	28	130	329
	341	<b>290</b>	(51)	578	2,512
Minority interests	--	<b>0</b>	--	(0)	0
Net income	631	<b>567</b>	(64)	1,334	4,912

## Consolidated Statements of Changes in Net Assets

JPY million

	Shareholders' equity					Valuation and translation adjustment			Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Total valuation and translation adjustment	
Balance at 31 March 2007	6,710	9,747	11,521	(537)	27,441	8	458	466	27,907
Net income			567		567				567
Cash dividends			(130)		(130)				(130)
Decrease on new consolidation			62		62				62
Changes in treasury stock, net			(1)	(82)	(83)				(83)
Other changes						(24)	(81)	(105)	(105)
Total changes during the period			498	(82)	416	(24)	(81)	(105)	311
Balance at 30 September 2007	6,710	9,747	12,019	(619)	27,857	(16)	377	361	28,218

USD thousand

	Shareholders' equity					Valuation and translation adjustment			Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Total valuation and translation adjustment	
Balance at 31 March 2007	58,130	84,441	99,809	(4,652)	237,728	69	3,968	4,037	241,766
Net income			4,912		4,912				4,912
Cash dividends			(1,126)		(1,126)				(1,126)
Decrease on new consolidation			537		537				537
Changes in treasury stock, net			(8)	(711)	(719)				(719)
Other changes						(207)	(702)	(909)	(909)
Total changes during the period			4,315	(711)	3,604	(207)	(702)	(909)	2,695
Balance at 30 September 2007	58,130	84,441	104,124	(5,363)	241,332	(138)	3,266	3,128	244,460

## Consolidated Statements of Cash Flows

			Change	JPY million	USD thousand
	For 6-month period 1 Apr. - 30 Sept. 2006	For 6-month period 1 Apr. - 30 Sept. 2007		For year ended 31 March 2007	For 6-month period 1 Apr. - 30 Sept. 2006
<b>Cash flows from operating activities</b>					
Income before income taxes	972	<b>857</b>	(115)	1,912	7,424
Adjustments for:					
Depreciation	805	<b>894</b>	89	1,740	7,745
Amortization of negative goodwill	(107)	<b>(101)</b>	6	(208)	(875)
Increase (decrease) in allowance for doubtful accounts	(9)	<b>27</b>	36	(2)	234
Increase(decrease) in accrued retirement benefits	(300)	<b>--</b>	--	(477)	--
Loss on disposal of property, plant & equipment	55	<b>193</b>	138	108	1,672
Interest & dividend income	(22)	<b>(40)</b>	(18)	(52)	(347)
Foreign exchange (gain) loss	(35)	<b>2</b>	37	(12)	17
Gain (loss) on sales of investment securities	--	<b>(2)</b>	--	(14)	(17)
(Increase) decrease in trade notes & accounts receivable	610	<b>1,287</b>	677	(557)	11,150
Decrease (increase) in inventories	(143)	<b>(569)</b>	(426)	(550)	(4,929)
Decrease in trade notes & accounts payable	(1,081)	<b>(1,016)</b>	65	(448)	(8,802)
Other	267	<b>(75)</b>	(342)	338	(650)
Sub-total	1,012	<b>1,457</b>	445	1,778	12,622
Interest & dividend income received	21	<b>40</b>	19	52	347
Interest expenses paid	(3)	<b>(1)</b>	2	(4)	(9)
Income taxes paid	(242)	<b>(307)</b>	(65)	(404)	(2,659)
Net cash provided by operating activities	788	<b>1,189</b>	401	1,422	10,301

	JPY million			USD thousand	
	For 6-month period 1 Apr. - 30 Sept. 2006	For 6-month period 1 Apr. - 30 Sept. 2007	Change	For year ended 31 March 2007	
<b>Cash flows from investing activities</b>					
Increase in time deposits	--	(121)	--	(653)	(1,048)
Decrease in deposits	--	629	--	--	5,449
Payments for purchase of property, plant & equipment	(1,023)	(1,444)	(421)	(2,285)	(12,510)
Proceeds from sales of property, plant & equipment	165	157	(8)	349	1,360
Payments for purchase of investment securities	(198)	(30)	168	(246)	(260)
Proceeds from sales of investment securities	--	32	--	242	277
Purchase of new subsidiary's shares and investments in capital	(34)	(21)	13	(63)	(182)
Payments for acquisition of new consolidated subsidiaries	(33)	--	--	(33)	--
Increase of loans	(286)	(148)	138	(354)	(1,282)
Proceeds from collections of loans	--	121	--	--	1,048
Payments for guarantee deposits	--	(50)	--	--	(433)
(Increase) decrease in intangible fixed assets	(4)	(4)	0	14	(35)
Other	(12)	(7)	5	(0)	(60)
Net cash used in investing activities	(1,425)	(886)	539	(3,029)	(7,676)
<b>Cash flows from financing activities</b>					
Payments of long-term debt	(74)	(51)	23	(147)	(442)
Cash dividends paid	(132)	(130)	2	(263)	(1,126)
Payments for purchase of treasury stock	(3)	(87)	(84)	(328)	(754)
Proceeds from sales of treasury stock	23	3	(20)	38	26
Advance on subscription of own shares	1	--	--	--	--
Net cash (used in) provided by financing activities	(185)	(265)	(80)	(700)	(2,296)
Effect of exchange rate changes on cash & cash equivalents	55	(10)	(65)	253	(86)
Net increase (decrease) in cash & cash equivalents	(767)	28	795	(2,054)	243
Cash & cash equivalents at beginning of year	7,899	5,939	(1,960)	7,899	51,451
Increase in cash & cash equivalents from newly consolidated subsidiary	94	59	(35)	94	511
Cash & cash equivalents at end of year	7,226	6,026	(1,200)	5,939	52,205

## Segment Information

### (1) Business segments

	JPY million				
	For 6-month period 1 April - 30 September 2006				
	Ceramic Components	Lighting Equipment	Total	Eliminations or corporate	Consolidated
Net sales:					
External customers	8,843	920	9,763	--	9,763
Inter-segment	--	--	--	--	--
Total net sales	8,843	920	9,763	--	9,763
Operating expenses	7,549	1,044	8,593	348	8,941
Operating income (loss)	1,294	(124)	1,170	(348)	822

	JPY million				
	For 6-month period 1 April - 30 September 2007				
	Ceramic Components	Lighting Equipment	Total	Eliminations or corporate	Consolidated
Net sales:					
External customers	9,286	551	9,837	--	9,837
Inter-segment	11	0	11	(11)	--
Total net sales	9,297	551	9,848	(11)	9,837
Operating expenses	8,111	682	8,793	268	9,061
Operating income (loss)	1,186	(131)	1,055	(279)	776

	USD thousand				
	For 6-month period 1 April - 30 September 2007				
	Ceramic Components	Lighting Equipment	Total	Eliminations or corporate	Consolidated
Net sales:					
External customers	80,447	4,773	85,220	--	85,220
Inter-segment	95	--	95	(95)	--
Total net sales	80,542	4,773	85,315	(95)	85,220
Operating expenses	70,267	5,908	76,175	2,322	78,497
Operating income (loss)	10,275	(1,135)	9,140	(2,417)	6,723

	JPY million				
	For year ended 31 March 2007				
	Ceramic Components	Lighting Equipment	Total	Eliminations or corporate	Consolidated
Net sales:					
External customers	18,341	2,721	21,062	--	21,062
Inter-segment	14	0	14	(14)	--
Total net sales	18,355	2,721	21,076	(14)	21,062
Operating expenses	15,779	2,794	18,573	565	19,138
Operating income (loss)	2,576	(73)	2,503	(579)	1,924

## (2) Geographic segments

JPY million						
For 6-month period 1 April - 30 September 2006						
	Japan	Asia	Europe & America	Total	Eliminations or corporate	Consolidated
Net sales:						
External customers	6,992	1,994	777	9,763	--	9,763
Inter-segment	904	745	1	1,650	(1,650)	--
Total net sales	7,896	2,739	778	11,413	(1,650)	9,763
Operating expenses	7,122	2,309	743	10,174	(1,233)	8,941
Operating income	774	430	35	1,239	(417)	822

JPY million						
For 6-month period 1 April - 30 September 2007						
	Japan	Asia	Europe & America	Total	Eliminations or corporate	Consolidated
Net sales:						
External customers	7,367	1,757	713	9,837	--	9,837
Inter-segment	637	687	3	1,327	(1,327)	--
Total net sales	8,004	2,444	716	11,164	(1,327)	9,837
Operating expenses	7,243	2,105	693	10,041	(980)	9,061
Operating income	761	339	23	1,123	(347)	776

USD thousand						
For 6-month period 1 April - 30 September 2007						
	Japan	Asia	Europe & America	Total	Eliminations or corporate	Consolidated
Net sales:						
External customers	63,822	15,221	6,177	85,220	--	85,220
Inter-segment	5,518	5,952	26	11,496	(11,496)	--
Total net sales	69,340	21,173	6,203	96,716	(11,496)	85,220
Operating expenses	62,747	18,236	6,004	86,987	(8,490)	78,497
Operating income	6,593	2,937	199	9,729	(3,006)	6,723

JPY million						
For year ended 31 March 2007						
	Japan	Asia	Europe & America	Total	Eliminations or corporate	Consolidated
Net sales:						
External customers	15,426	4,162	1,474	21,062	--	21,062
Inter-segment	1,536	1,266	167	2,969	(2,969)	--
Total net sales	16,962	5,428	1,641	24,031	(2,969)	21,062
Operating expenses	15,390	4,474	1,571	21,435	(2,297)	19,138
Operating income	1,572	954	70	2,596	(672)	1,924

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

	JPY million			
	For 6-month period 1 April - 30 September 2006			
	Asia	Europe	Other	Total
Overseas sales	3,240	320	316	3,876
Consolidated net sales				9,763
Percentage (%)	33.2%	3.3%	3.2%	39.7%

	JPY million			
	<b>For 6-month period 1 April - 30 September 2007</b>			
	Asia	Europe	Other	Total
Overseas sales	<b>3,708</b>	<b>393</b>	<b>329</b>	<b>4,430</b>
Consolidated net sales				<b>9,837</b>
Percentage (%)	<b>37.7%</b>	<b>4.0%</b>	<b>3.3%</b>	<b>45.0%</b>

	USD thousand			
	For 6-month period 1 April - 30 September 2007			
	Asia	Europe	Other	Total
Overseas sales	32,123	3,405	2,850	38,378
Consolidated net sales				85,220

	JPY million			
	For year ended 31 March 2007			
	Asia	Europe	Other	Total
Overseas sales	6,434	933	629	7,996
Consolidated net sales				21,062
Percentage (%)	30.5%	4.4%	3.1%	38.0%

END