

MARUWA CO., LTD.

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## Final Results for Fiscal 2008

MARUWA CO., LTD. today announced its consolidated business results for the full fiscal year ended 31 March, 2008 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 = 100.19 yen.

\*Consolidated subsidiaries: 11 companies (Maruwa (Malaysia) Sdn. Bhd., Taiwan Maruwa Co., Ltd., MARUWA Electronics (Taiwan) Co., Ltd., Maruwa Europe Ltd., Maruwa America Corp., Maruwa Korea Co., Ltd., Maruwa (Shanghai) Trading Co., Ltd., Maruwa Electronics (Philippines), Inc., 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 31 March 2007	For year ended 31 March 2008		For year ended 31 March 2008
Net sales	21,062	<b>20,635</b>	-2.0%	205,959
Operating income	1,924	<b>1,576</b>	-18.1%	15,730
Income before income taxes	1,912	<b>1,584</b>	-17.2%	15,810
Net income	1,334	<b>1,100</b>	-17.5%	10,979
		JPY		USD
Net income per share (Basic)	122.04	<b>101.80</b>	-16.6%	1.02
(Diluted)	121.45	<b>101.68</b>	-16.3%	1.01
*Average number of issued shares	10,932,798	<b>10,809,627</b>		

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

	JPY million		Change %	USD thousand
	As of 31 March 2007	As of 31 March 2008		As of 31 March 2008
Total Assets	33,872	<b>32,850</b>	-3.0%	327,877
Shareholders' equity	27,907	<b>27,774</b>	-0.5%	277,213
Equity ratio	82.4%	<b>84.5%</b>	2.1%	
		JPY		USD
Total net assets per share	2,572.66	<b>2,571.59</b>	0.0%	25.67
*Number of issued shares at the year end	10,847,360	<b>10,800,410</b>		

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

	JPY million		Change %	USD thousand
	For year ended 31 March 2007	For year ended 31 March 2008		For year ended 31 March 2008
Net cash provided by operating activities	1,422	<b>2,590</b>	82.1%	25,851
Net cash used in investing activities	(3,029)	<b>(1,921)</b>	36.6%	(19,174)
Net cash used in financing activities	(700)	<b>(416)</b>	40.6%	(4,152)
Cash and cash equivalents at end of term	5,939	<b>6,146</b>	3.5%	61,343

## II. Dividends

	JPY per share	
	Fiscal 2008	Fiscal 2009 (forecast)
Interim	12	14
Year-end	12	14
Annual	24	28

## III. Outlook for fiscal 2009 ending 31 March 2009

	JPY million	
	Half year	Full year
Net sales	9,700	20,650
Operating income	610	1,760
Net income	370	1,140
Net income per share	34.26	105.55

\*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

### 1. Operating Results

	JPY million							
	Fiscal 2007				Fiscal 2008			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	4,878	4,885	5,644	5,655	4,719	5,118	5,265	5,533
Operating income	420	402	489	613	359	417	451	349
Net income	357	274	331	372	272	295	329	204

	JPY million	
	Previous	Current
	For year ended 31 March 2007	For year ended 31 March 2008
Net sales	21,062	20,635
Operating income	1,924	1,576
Net income	1,334	1,100

#### (1) Review of operations

Japanese economy in this year has been solid, supported by brisk private consumption as well as continuous increasing trend of corporate profits led by the strong export sector. The economy, however, gradually slowed down due to global credit shrinkage which has risen from the subprime loan crisis in the US, soaring energy and raw material prices, and decelerating trend of private consumption.

Under these circumstances, the electronic components/semiconductor sector has decelerated; particularly after the new year, inventory adjustments in Asian markets and yen's sharp appreciation brought about intense competition among companies, resulting a drop of product prices.

Our consolidated net sales in this year were 20,635 million yen, down 2.0% compared to last year.

Operating income in this year was 1,576 million yen, a decrease of 18.1% from last year, influenced by the increase of fixed expenses including depreciation costs, falling product prices, and expenses for the transfer of manufacturing equipment. Net income in this year decreased 17.5% from last year to 1,100 million yen due to a loss on disposal of fixed assets of 237 million yen, and a loss on dissolution of a subsidiary of 96 million yen.

## (2) Review of operating results by business segment

	JPY million	
	<b>Current</b>	
	For year ended 31 March 2007	For year ended <b>31 March 2008</b>
<b>Ceramic Components:</b>		
Net sales	18,341	<b>18,479</b>
Operating income	2,576	<b>2,092</b>
<b>Lighting Equipment:</b>		
Net sales	2,721	<b>2,156</b>
Operating income	(73)	<b>(6)</b>
<b>Total:</b>		
Net sales	21,062	<b>20,635</b>
Operating income	2,503	<b>2,086</b>
<b>Elimination:</b>		
Net sales	--	--
Operating income	(579)	<b>(510)</b>
<b>Consolidated:</b>		
Net sales	21,062	<b>20,635</b>
Operating income	1,924	<b>1,576</b>

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

	JPY million							
	Fiscal 2007				Fiscal 2008			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Circuit Ceramics	1,778	1,908	2,227	1,690	<b>1,692</b>	<b>1,868</b>	<b>1,936</b>	<b>1,673</b>
Machinery Ceramics	1,148	1,189	1,354	1,255	<b>1,325</b>	<b>1,330</b>	<b>1,258</b>	<b>1,186</b>
RF* Products	407	354	504	370	<b>474</b>	<b>492</b>	<b>500</b>	<b>456</b>
EMC Components	1,046	1,013	1,069	1,029	<b>1,041</b>	<b>1,064</b>	<b>1,138</b>	<b>1,046</b>
Total	4,379	4,464	5,154	4,344	<b>4,532</b>	<b>4,754</b>	<b>4,832</b>	<b>4,361</b>

\*Radio Frequency

	JPY million	
	Previous	<b>Current</b>
	For year ended 31 March 2007	For year ended <b>31 March 2008</b>
Circuit Ceramics	7,603	<b>7,169</b>
Machinery Ceramics	4,946	<b>5,099</b>
RF Products	1,635	<b>1,922</b>
EMC Components	4,157	<b>4,289</b>
Total	18,341	<b>18,479</b>

### **Ceramic Components segment**

Total sales of the Ceramic Component segment were 18,479 million yen, up 0.8%, and operating income was 2,092 million yen, down 18.8% from last year, influenced by the increase of depreciation costs and other expenses mainly for the reorganization of manufacturing equipment of our overseas manufacturing subsidiaries.

### **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 and automotive components.

Total sales of this division were 7,169 million yen, down 5.7% compared to last year, reflected a decline in demand for information communication devices such as PCs and mobile phones, and industrial equipment.

As for our ceramic substrates for chip resistors, sales decreased since demand sharply fell down in Asia from early this term. Decreasing demand for glazed substrates and large ceramic substrates, which had been solid in the previous term, was another factor for the downturn in sales.

### **Machinery Ceramics**

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

Total sales of this division increased 3.1% to 5,099 million yen from the previous year due mainly to that the ferrite magnet products, which were acquired in last year, posted sales throughout the year even though a semiconductor equipment-related market has slowed down since the second half of this year.

### **Radio Frequency Products**

The Radio Frequency Products division includes device products such as band pass filters used 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 this year were 1,922 million yen, up 17.6% compared to last year by including sales of multi-layer ceramic substrates from this year, and enjoying the market expansion of thin film substrates for optical communication.

### **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 of this division in this year were 4,289 million yen, up 3.2% compared to the previous year.

The sales of EMI filters grew thanks to demand for flat screen TVs-related uses.

### 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 while expenses exceed sales until then.

Total sales of this segment in this year decreased 20.8% to 2,156 million yen from last year, and operating loss was 6 million yen.

Although sales of lighting equipment for public works significantly dropped, operating loss was lower than the previous results due to increasing sales of our new LED lightings.

### (3) Outlook for the full fiscal 2008

	JPY million		
	For year ended 31 March 2008	For year ending 31 March 2009	Change %
Net sales	20,635	<b>20,650</b>	0.1%
Operating income	1,576	<b>1,760</b>	11.7%
Net income	1,100	<b>1,140</b>	3.6%

### Sales by business segment

	JPY million		
	For year ended 31 March 2008	For year ending 31 March 2009	Change %
Ceramic Components	18,479	<b>18,700</b>	1.2%
Lighting Equipment	2,156	<b>1,950</b>	-9.6%
Total	20,635	<b>20,650</b>	0.1%

There is concern about demand trends for digital/IT related products as a global economic slowdown is now prevailing. Due to the uncertain market environment, we have a tight outlook for sales growth; however, we expect a profit increase based on this year's reorganization of manufacturing equipment in the business acquired through M&A in the past to reinforce our business foundation.

For the Circuit Ceramic division, we forecast a revenue increase by expanding production capacity for Alumina substrates and enhancing product lineups of Aluminum Nitride substrates. According to these measures, forecast total sales of this division for next term are 7,980 million yen, up 11.3% compared to the current year.

As for the Machinery Ceramics division, demand for our core products, quartz glass products, is expected to decline in the semiconductor equipment-related industry; forecast total sales of this division for next year are 4,610 million yen, down 9.6% from this year.

In the Radio Frequency Products division, the sales of multi-layer substrates for automotive components are expected to grow. Therefore, total sales of this division are expected to increase by 7.2% to 2,060 million yen from this year.

The EMC Components division is expected to decrease its sales by 5.6% to 4,050 million yen compared to this term because of concern for declining demand of components for digital/IT-related products.

In the Lighting Equipment segment, sales are expected to significantly increase with our sales enhancement as we shift our business model to the LED lightings area despite decreasing sales in other lighting equipment for public works. According to this outlook, forecast total sales in this segment are 1,950 million yen, down 9.6% from this year. Operating income is expected to improve due to a sales increase in new LED lightings.

According to the above, forecast net sales are 20,650 million yen, up 0.1% from last year, forecast operating income is 1,760 million yen, up 11.7%, and forecast net income is 1,140 million yen, up 3.6% million yen. Forecast net income includes an expected loss on disposal of fixed assets of 120 million yen.

\*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. Financial Condition

	JPY million				
	As of 31 March	As of 31 March	As of 31 March	Change	
	2006	2007	2008	Amount	%
Total assets	33,044	33,872	<b>32,850</b>	-1,022	-3.0%
Total liabilities	6,487	5,965	<b>5,076</b>	-889	-14.9%
Total net assets	26,557	27,907	<b>27,774</b>	-133	-0.5%
Equity ratio	80.4%	82.4%	<b>84.5%</b>	2.1%	

  

	JPY million				
	For year ended	For year ended	For year ended	Change	
	31 March 2006	31 March 2007	31 March 2008	Amount	%
Net cash provided by operating activities	2,036	1,422	<b>2,590</b>	1,168	82.1%
Net cash used in investing activities	(1,234)	(3,029)	<b>(1,921)</b>	1,108	-36.6%
Net cash used in financing activities	51	(700)	<b>(416)</b>	284	-40.6%
Cash and cash equivalents at end of year	7,899	5,939	<b>6,146</b>	207	3.5%

  

Net sales	20,278	21,062	<b>20,635</b>	-427	-2.0%
Capital expenditure	1,737	2,350	<b>3,097</b>	747	31.8%
Depreciation	1,614	1,740	<b>1,910</b>	170	9.8%

Total assets at the end of this year were 32,850 million yen, a decrease of 1,022 million yen from the last year-end as a result of operating activities in this year. It is due to a decrease of current assets by 924 million yen, including trade notes and accounts receivable. Fixed assets decreased by 98 million yen as investments decreased according to a decrease in stocks of consolidated subsidiaries due to new consolidation, despite an increase of net property, plant and equipment with capital expenditure.

Liabilities were 5,076 million yen, down 889 million yen compared to the last year-end due particularly to a decrease of trade notes and accounts payable.

Total net assets decreased 133 million yen due to a decrease in foreign currency translation adjustment, in spite of a increase in retained earnings.

As a result, equity ratio was 84.5 %, up 2.1 points from the last year-end.

Net cash provided from operating activities was 2,590 million yen, an increase of 1,168 million yen

compared to last year especially because of a decrease of trade notes and accounts receivable.

Net cash used in investing activities decreased 1,108 million yen to 1,921 million yen from last year mainly because proceeds from withdrawal of time deposits were greater than net increase in payments for purchase of property, plant and equipment.

Net cash used in financing activities was 416 million yen, down 284 million yen compared to last year, mainly used for purchase of own shares, 107 million yen, and dividends paid by the parent company, 259 million yen.

As a result, cash and cash equivalents at the end of this year were 6,146 million yen, an increase of 207 million yen from last year.

#### Trends of cash-flows indices

	JPY million				
	For year ended 31 March 2004	For year ended 31 March 2005	For year ended 31 March 2006	For year ended 31 March 2007	<b>For year ended 31 March 2008</b>
Equity ratio	87.9%	87.9%	80.4%	82.4%	<b>84.5%</b>
Equity ratio at market value	62.8%	80.3%	100.8%	76.2%	<b>39.8%</b>
Interest-bearing debt to cash flows ratio (year)	0.3	0.1	0.2	0.1	<b>0.1</b>
Interest coverage ratio	967.7	316.1	251.9	374.2	<b>497.2</b>

Note)

Equity ratio : (Total net assets - Minority interests) / 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

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 and next 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 next year will be 28 yen per share, up 4 yen from this year (interim: 14 yen, year-end: 14yen).

## Consolidated Balance Sheets

	JPY million		USD thousand	
	As of 31 March 2007	As of 31 March 2008	Change	As of 31 March 2008
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash & deposits	6,593	<b>6,263</b>	(330)	62,511
Trade notes and accounts receivable	7,797	<b>6,649</b>	(1,148)	66,364
Inventories	3,559	<b>4,137</b>	578	41,292
Deferred tax assets	277	<b>236</b>	(41)	2,356
Other current assets	411	<b>414</b>	3	4,132
Allowance for doubtful accounts	(16)	<b>(2)</b>	14	(21)
Total current assets	18,621	<b>17,697</b>	(924)	176,634
<b>Property, plant &amp; equipment:</b>				
Land	3,434	<b>3,215</b>	(219)	32,089
Buildings & structures	4,146	<b>4,231</b>	85	42,230
Machinery & equipment	4,300	<b>4,473</b>	173	44,645
Other	654	<b>641</b>	(13)	6,398
Construction in progress	192	<b>423</b>	231	4,222
Net property, plant & equipment	12,726	<b>12,983</b>	257	129,584
<b>Investments &amp; other assets:</b>				
Investment securities	612	<b>445</b>	(167)	4,442
Deferred tax assets	149	<b>103</b>	(46)	1,028
Property & equipment for investments	961	<b>945</b>	(16)	9,432
Other	807	<b>684</b>	(123)	6,827
Allowance for doubtful accounts	(4)	<b>(7)</b>	(3)	(70)
Total investments & other assets	2,525	<b>2,170</b>	(355)	21,659
Total assets	33,872	<b>32,850</b>	(1,022)	327,877
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Trade notes & accounts payable	2,289	<b>1,708</b>	(581)	17,048
Current portion of long-term debt	53	<b>5</b>	(48)	50
Accrued income taxes	256	<b>110</b>	(146)	1,098
Accrued bonus	351	<b>357</b>	6	3,563
Accrued bonus for directors	7	<b>--</b>	--	--
Notes payable for property acquisitions	635	<b>898</b>	263	8,963
Other current liabilities	1,292	<b>1,190</b>	(102)	11,877
Total current liabilities	4,883	<b>4,268</b>	(615)	42,599
<b>Long-term liabilities:</b>				
Long-term debt	135	<b>130</b>	(5)	1,298
Deferred tax liabilities	234	<b>248</b>	14	2,475
Negative goodwill	314	<b>112</b>	(202)	1,118
Other	399	<b>318</b>	(81)	3,174
Total long-term liabilities	1,082	<b>808</b>	(274)	8,065
Total liabilities	5,965	<b>5,076</b>	(889)	50,664



**NET ASSETS****Shareholders' equity:**

Common stock	6,710	<b>6,710</b>	--	66,973
Capital surplus	9,747	<b>9,747</b>	--	97,285
Retained earnings	11,521	<b>12,324</b>	803	123,006
Treasury stock, at cost	(537)	<b>(639)</b>	(102)	(6,378)
Total shareholders' equity	27,441	<b>28,142</b>	701	280,886

**Valuation and translation adjustments:**

Net unrealized gains (losses) on available-for-sale securities	8	<b>(72)</b>	(80)	(719)
Foreign currency translation adjustment	458	<b>(296)</b>	(754)	(2,954)
Total valuation and translation adjustments	466	<b>(368)</b>	(834)	(3,673)
Minority interests	--	<b>0</b>	--	0
Total net assets	27,907	<b>27,774</b>	(133)	277,213
Total liabilities & net assets	33,872	<b>32,850</b>	(1,022)	327,877

**Consolidated Statements of Income**

	JPY million			USD thousand
	For year ended 31 March 2007	<b>For year ended 31 March 2008</b>	Change	For year ended 31 March 2008
Net sales	21,062	<b>20,635</b>	(427)	205,959
Cost of sales	15,003	<b>15,214</b>	211	151,852
Gross profit	6,059	<b>5,421</b>	(638)	54,107
Selling, general & administrative expenses	4,135	<b>3,845</b>	(290)	38,377
Operating income	1,924	<b>1,576</b>	(348)	15,730
Other income (expenses):				
Interest	46	<b>79</b>	33	789
Interest expenses	(5)	<b>(5)</b>	0	(50)
Foreign exchange gain (loss), net	(196)	<b>88</b>	284	878
Other, net	143	<b>(154)</b>	(297)	(1,537)
Other income (expenses), net	(12)	<b>8</b>	20	80
Income before income taxes	1,912	<b>1,584</b>	(328)	15,810
Income tax expenses:				
Current	448	<b>311</b>	(137)	3,104
Deferred	130	<b>173</b>	43	1,727
	578	<b>484</b>	(94)	4,831
Minority interests	(0)	<b>0</b>	0	0
Net income	1,334	<b>1,100</b>	(234)	10,979

## 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			1,100		1,100				1,100
Cash dividends			(259)		(259)				(259)
Increase due to new consolidation			62		62				62
Decrease due to new consolidation			(99)		(99)				(99)
Changes in treasury stock, net			(1)	(102)	(103)				(103)
Other changes						(80)	(754)	(834)	(834)
Total changes during the year			803	(102)	701	(80)	(754)	(834)	(133)
Balance at 31 March 2008	6,710	9,747	12,324	(639)	28,142	(72)	(296)	(368)	27,774

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	66,973	97,285	114,992	(5,360)	273,890	80	4,571	4,651	278,541
Net income			10,979		10,979				10,979
Cash dividends			(2,585)		(2,585)				(2,585)
Increase due to new consolidation			619		619				619
Decrease due to new consolidation			(989)		(989)				(989)
Changes in treasury stock, net			(10)	(1,018)	(1,028)				(1,028)
Other changes						(799)	(7,525)	(8,325)	(8,324)
Total changes during the year			8,014	(1,018)	6,996	(799)	(7,525)	(8,325)	(1,328)
Balance at 31 March 2008	66,973	97,285	123,006	(6,378)	280,886	(719)	(2,954)	(3,673)	277,213

## Consolidated Statements of Cash Flows

	JPY million		Change	USD thousand
	For year ended 31 March 2007	For year ended 31 March 2008		For year ended 31 March 2008
<b>Cash flows from operating activities:</b>				
Income before income taxes	1,912	<b>1,584</b>	(328)	15,810
Adjustments for:				
Depreciation	1,740	<b>1,910</b>	170	19,064
Amortization of negative goodwill	(208)	<b>(202)</b>	6	(2,016)
Decrease in allowance for doubtful accounts	(2)	<b>(11)</b>	(9)	(110)
Decrease in accrued retirement benefits	(477)	<b>--</b>	--	--
Loss on disposal of property, plant & equipment	108	<b>192</b>	84	1,916
Interest & dividend income	(52)	<b>(83)</b>	(31)	(828)
Foreign exchange (gain) loss	(12)	<b>0</b>	12	0
Gain on sales of investment securities	(14)	<b>(4)</b>	10	(40)
Decrease (increase) in trade notes & accounts receivable	(557)	<b>1,111</b>	1,668	11,089
Increase in inventories	(550)	<b>(643)</b>	(93)	(6,418)
Decrease in trade notes & accounts payable	(448)	<b>(616)</b>	(168)	(6,148)
Other	338	<b>(230)</b>	(568)	(2,295)
Sub-total	1,778	<b>3,008</b>	1,230	30,024
Interest & dividend income received	52	<b>80</b>	28	798
Interest expenses paid	(4)	<b>(5)</b>	(1)	(50)
Income taxes paid	(404)	<b>(493)</b>	(89)	(4,921)
Net cash provided by operating activities	1,422	<b>2,590</b>	1,168	25,851
<b>Cash flows from investment activities:</b>				
Payments into time deposits	(653)	<b>(101)</b>	552	(1,008)
Proceeds from withdrawal of time deposits	--	<b>629</b>	--	6,278
Payments for purchase of property, plant & equipment	(2,285)	<b>(2,780)</b>	(495)	(27,747)
Proceeds from sales of property, plant & equipment	349	<b>503</b>	154	5,020
Payments for purchase of investment securities	(246)	<b>(156)</b>	90	(1,557)
Proceeds from sales of investment securities	242	<b>99</b>	(143)	988
Payments for investments in subsidiaries	(96)	<b>(21)</b>	75	(210)
Payments of loan receivable	(354)	<b>(68)</b>	286	(679)
(Increase) decrease in intangible fixed assets	14	<b>(6)</b>	(20)	(60)
Other	0	<b>(20)</b>	(20)	(199)
Net cash used in investing activities	(3,029)	<b>(1,921)</b>	1,108	(19,174)

**Cash flows from financing activities:**

Payments of long-term debt	(147)	<b>(53)</b>	94	(529)
Cash dividends paid	(263)	<b>(259)</b>	4	(2,585)
Payments for purchase of treasury stock	(328)	<b>(107)</b>	221	(1,068)
Proceeds from sales of treasury stock	38	<b>3</b>	(35)	30
Net cash used in financing activities	<u>(700)</u>	<u><b>(416)</b></u>	284	<u>(4,152)</u>
Effect of exchange rate changes on cash & cash equivalents	<u>253</u>	<u><b>(127)</b></u>	(380)	<u>(1,267)</u>
Net increase (decrease) in cash & cash equivalents	(2,054)	<b>126</b>	2,180	1,258
Cash and cash equivalents at beginning of year	7,899	<b>5,939</b>	(1,960)	59,277
Increase in cash and cash equivalents from newly consolidated subsidiary	94	<b>81</b>	(13)	808
Cash and cash equivalents at end of year	<u>5,939</u>	<u><b>6,146</b></u>	207	<u>61,343</u>

## Segment Information

### (1) Business segments

	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	--	19	19	(19)	--
Total net sales	18,341	2,740	21,081	(19)	21,062
Operating expenses	15,765	2,813	18,578	560	19,138
Operating income (loss)	2,576	(73)	2,503	(579)	1,924

	JPY million				
	For year ended 31 March 2008				
	Ceramic Components	Lighting Equipment	Total	Eliminations or corporate	Consolidated
Net sales:					
External customers	18,479	2,156	20,635	--	20,635
Inter-segment	20	--	20	(20)	--
Total net sales	18,499	2,156	20,655	(20)	20,635
Operating expenses	16,407	2,162	18,569	490	19,059
Operating income (loss)	2,092	(6)	2,086	(510)	1,576

	USD thousand				
	For year ended 31 March 2008				
	Ceramic Components	Lighting Equipment	Total	Eliminations or corporate	Consolidated
Net sales:					
External customers	184,440	21,519	205,959	--	205,959
Inter-segment	199	--	199	(199)	--
Total net sales	184,639	21,519	206,158	(199)	205,959
Operating expenses	163,759	21,579	185,338	4,891	190,229
Operating income (loss)	20,880	(60)	20,820	(5,090)	15,730

### (2) Geographic segments

	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

	JPY million					
	For year ended 31 March 2008					
	Japan	Asia	Europe & America	Total	Eliminations or corporate	Consolidated
Net sales:						
External customers	15,515	3,712	1,408	20,635	--	20,635
Inter-segment	1,366	1,430	3	2,799	(2,799)	--
Total net sales	16,881	5,142	1,411	23,434	(2,799)	20,635
Operating expenses	15,310	4,635	1,351	21,296	(2,237)	19,059
Operating income	1,571	507	60	2,138	(562)	1,576

	USD thousand					
	For year ended 31 March 2008					
	Japan	Asia	Europe & America	Total	Eliminations or corporate	Consolidated
Net sales:						
External customers	154,856	37,050	14,053	205,959	--	205,959
Inter-segment	13,634	14,273	30	27,937	(27,937)	--
Total net sales	168,490	51,323	14,083	233,896	(27,937)	205,959
Operating expenses	152,810	46,263	13,484	212,557	(22,328)	190,229
Operating income	15,680	5,060	599	21,339	(5,609)	15,730

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

	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%

	JPY million			
	For year ended 31 March 2008			
	Asia	Europe	Other	Total
Overseas sales	7,305	813	623	8,741
Consolidated net sales				20,635
Percentage (%)	35.4%	3.9%	3.1%	42.4%

	USD thousand			
	For year ended 31 March 2008			
	Asia	Europe	Other	Total
Overseas sales	72,911	8,115	6,218	87,244
Consolidated net sales				205,959

\*Countries are divided in geographical vicinity.

\*Principal countries or jurisdictions in each geographic segment are as follows:

Asia: Malaysia, Taiwan, Korea, and China

Europe: Germany and the United Kingdom

Other: The United States

END