Financial Announcement for the Year Ended March 31, 2011 [Japan Standard] (consolidated)

May 13, 2011

Stock exchange listing Tokyo Stock Exchange

Company Name: MEC COMPANY LTD.
Stock Code No. 4971
Company URL http://www.mec-co.com/
Representative: Kazuo MAEDA, CEO & President
Contact Management Control Center, Kenji SUZUKI
Phone: +81-6-6414-3451

Date of General Meeting of Shareholders (Scheduled) June 23, 2011
Commencement Date of Dividend Payment (Scheduled) June 8, 2011
Date of Filing the Financial Report (Scheduled) June 24, 2011
Creation of reference materials supplementary to the results Yes
Holding of briefing sessions regarding the results Yes

(Amounts less than one million yen have been disregarded.)

1. Consolidated Results for the Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(1) Results of operations

(% represented annual changes over the preceding year unless otherwise stated.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2011	7,049	15.6	919	15.2	877	9.0	136	(80.9)
Year ended March 31, 2010	6,098	(12.3)	798	(9.1)	804	9.7	713	148.0

Note: Comprehensive income for fiscal year ended March 31, 2011: -91 million yen (—%); fiscal year ended March 31, 2010: 889 million yen (—%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2011	6.80	—	1.6	8.2	13.0
Year ended March 31, 2010	35.57	—	8.8	7.9	13.1

(Reference) Investment profit or loss according to the equity method:
Year ended March 31, 2011: — million yen
Year ended March 31, 2010: — million yen

(2) Financial position

	Total assets	Net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2011	10,521	8,176	77.7	407.40
Year ended March 31, 2010	10,746	8,429	78.4	419.96

(Reference) Shareholder's equity:
Year ended March 31, 2011: 8,176 million yen
Year ended March 31, 2010: 8,429 million yen

(3) Cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Cash and cash equivalents at fiscal year end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2011	988	(1,886)	(160)	2,148
Year ended March 31, 2010	928	366	(241)	3,274

2. Dividends

	Annual dividend					Total cash dividends (Annual)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
	1Q	2Q	3Q	4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2010	—	4.00	—	4.00	8.00	160	22.5	2.0
Year ended March 31, 2011	—	4.00	—	14.0	18.00	361	264.7	4.4
Year ending March 31, 2012 (Estimated)	—		—	—	—			

Notes:
1. Breakdown of dividend for year ended March 31, 2011: commemorative dividend 10 yen.
2. We would like to leave the dividend payment for the fiscal year ending March 31, 2012 undecided at this time.

3. Consolidated Forecast for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

Because of the Great East Japan Earthquake that occurred on March 11, 2011, as of the date of announcing these financial results it is difficult to disclose forecasts for the fiscal year ending March 31, 2012. We plan to disclose such forecasts when it becomes possible to make them.

4. Other

(1) Changes of major subsidiary companies during the period (Change of specific subsidiary companies that involves changes in the scope of consolidation) No
Newly consolidated companies — (company name) Excluded companies — (company name)

(2) Changes of principles, procedures, presentation methods, etc., in accounting procedures
1) Changes that accompany amendment of accounting standards, etc. Yes
2) Changes other than those of 1) No

Note: This refers to changes of principles, procedures, presentation methods, etc., in accounting procedures related to the creation of consolidated financial statements (Items recorded in changes of basic, important matters, etc., for the creation of consolidated financial statements)

(3) Number of shares outstanding (Common stock)

1) Number of shares outstanding (including treasury stock) issued as of:	Year ended March 31, 2011	20,071,093 shares	Year ended March 31, 2010	20,371,392 shares
2) Number of shares of treasury stock:	Year ended March 31, 2011	0 shares	Year ended March 31, 2010	300,133 shares
3) Average number of shares during the period:	Year ended March 31, 2011	20,071,143 shares	Year ended March 31, 2010	20,071,317 shares

(References) Summary of Non-consolidated Results

1. Non-consolidated Results for the Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(1) Results of operations

(% represented annual changes over the preceding year unless otherwise stated.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2011	5,058	12.1	140	32.2	355	(17.1)	(230)	—
Year ended March 31, 2010	4,512	(3.4)	105	—	429	—	482	—

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 31, 2011	(11.50)	—
Year ended March 31, 2010	24.06	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2011	8,165	5,487	67.2	273.39
Year ended March 31, 2010	8,504	5,892	69.3	293.60

(Reference): Shareholder’s equity:
Year ended March 31, 2011: 5,487 million yen
Year ended March 31, 2010: 5,892 million yen

2. Non-consolidated Forecast for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

Because of the Great East Japan Earthquake that occurred on March 11, 2011, as of the date of announcing these financial results it is difficult to disclose forecasts for the fiscal year ending March 31, 2012. We plan to disclose such forecasts when it becomes possible to make them.

* Presentation of implementation status of audit procedures

These Consolidated Financial Results are outside the scope of procedures for the audit review covered by the Financial Instruments and Exchange Act. Thus, at the time of announcing these Consolidated Financial Results, we are currently conducting the audit procedures for the review covered by the Financial Instruments and Exchange Act.

* Explanation relating to appropriate application of the business forecast and other special matters

1. Because of the Great East Japan Earthquake that occurred on March 11, 2011, as of the date of announcing these financial results it is difficult to disclose forecasts for the fiscal year ending March 31, 2012. We plan to disclose such forecasts when it becomes possible to make them.
2. The amount of dividends for the fiscal year ending March 31, 2012 is yet to be decided. We plan to disclose the amount of such dividends as soon as possible.

Contents

1. Results of Operations

(1) Analysis of results of operations

[Outline of the current period]

During the current consolidated period, the world economy has emerged from the worst period, and is now on a mild recovery trend. However, it is proving hard to dispel uncertainty about the future.

In Japan, there had been a mild recovery due to factors such as an increase in exports mainly to Asia and a recovery in capital investment. But the Great East Japan Earthquake that occurred on March 11, 2011 made the economic outlook very unclear. Under these circumstances, the electronics industry saw brisk sales of devices such as smartphones and tablet PCs. However, overall there were still no signs of strong demand. In the electronic circuit board industry, there has been steady production of high-density electronic boards for smartphones and package substrates for semiconductors. Nevertheless, as with the electronics industry, overall we have yet to see a clear recovery trend.

Under such circumstances, the Company's Group has poured its efforts into selling and offering technical support for chemicals for high-density electronic substrates, centering on microetchants for super roughened copper surfaces and multi-layered electronic substrate pretreatment. In new product development, we launched 31 new products during the current consolidated fiscal year.

As a result of the above, total consolidated sales for the consolidated fiscal year under review amounted to ¥7,049 million (up 15.6% year-on-year). Operating income was 919 million yen (up 15.2% year-on-year), ordinary income was 877 million yen (up 9.0% year-on-year) and net income was ¥136 million (down 80.9% year-on-year). This is because we recorded an impairment loss of ¥517 million accompanying the cancellation of the plan to build a new plant.

[Prospects for the next year]

Looking at the world economy, although business confidence is recovering, the direction in which Japan's economy is headed has become uncertain due to the Great East Japan Earthquake.

Despite these business conditions, the Group will keep making the best use of its capacity to develop advanced technologies in contributing to our customers' cost reductions and curbing its environmental burden through improving efficiency in electronic board processing processes. We will also keep striving to boost our competitiveness further through the utilization of the Group network that supports global markets, and we will keep making efforts to secure new orders particularly for new products with the aim of fortifying profitability. It is currently very difficult to predict the business performance for next year, because many of our business partners were affected by the Great East Japan Earthquake. We would like to wait until the situation improves before disclosing our forecasts.

(2) Analysis relating to the financial situation

[Analysis of the financial situation]

Looking at our financial position in the consolidated fiscal year under review, we recorded total assets of ¥10,521 million, a decrease of ¥225 million compared with the previous year. This was mainly due to a decrease in cash and deposits due to acquisition of land. Liabilities were ¥2,344 million, an increase of ¥27 million from the previous year. This was mainly due to payments related to equipment. Net assets were ¥8,176 million, down ¥252 million year on year due to a decrease in retained earnings. As a result, the equity ratio reached 77.7%.

[Analysis of cash flow]

As of the end of the fiscal year under review, cash and cash equivalents (hereinafter, called "funds") decreased by ¥1,125 million compared with the previous year. This was because net profit before taxes was ¥344 million (down ¥489 million year-on-year) and impairment loss was ¥517 million. In addition, the purchase of tangible fixed assets, which was a factor causing a decrease in funds, entailed a payment of ¥1,938 million (up ¥163 million year-on-year). As a result, the year-end fund balance came to ¥2,148 million. Outlines of cash flow conditions and reasons for fluctuations for the current fiscal year are as follows:

(Cash flow from operating activities)

The net funds provided by operating activities were ¥988 million, up ¥60 million over the previous year. This was mainly due to net profit before taxes of 344 million, depreciation and amortization of ¥281 million, and an impairment loss of ¥517 million, which contributed to the increase in funds. However, the increase in funds was partially offset by factors such as income tax payments of ¥245 million.

(Cash flow from investment activities)

Cash used in investing activities amounted to ¥1,886 million (¥366 million was gained in the corresponding period of the previous year). This was mainly due to a payment of ¥1,938 million to acquire tangible fixed assets.

(Cash flow from financing activities)

As a result of financing activities, cash used amounted to ¥160 million (down ¥81 million year-on-year). This was mainly due to dividend payments amounting to ¥160 million.

(3) Basic policy for profit distribution and dividends for the current and next period

The Company is committed to distributing retained earnings while carefully considering the necessity of reinvesting in businesses to enhance our corporate value in future and our consolidated business performance in this and future terms, while maintaining a consistently stable dividend payout to our stakeholders including stockholders in a comprehensive manner. To reinvest in our business activities, we plan to fund investments targeting future growth, including moves to strengthen R&D, increase production capacity, and reinforce our overseas business base with the aim of maintaining and increasing our competitiveness. In addition, we also strive to increase retained profits for establishing sound financial conditions in order to support continuous growth. Dividends will be paid reflecting the profits of this term according to the policy of a consistently stable dividend payout.

For fiscal 2010, in addition to the regular year-end dividend of ¥4 per share we plant to distribute a dividend of ¥10 per share to commemorate 10 years of being a listed company, making for a total annual dividend of 14 yen per share. When combined with the already-paid interim dividend paid of ¥4 per share, this makes the annual dividend 18 yen per share.

For fiscal 2011, given the sense of uncertainty over future economic prospects, we would like to leave the amount of dividend undecided at the moment.

(4) Risks of business, etc.

The following section provides an overview of the principal risks that could affect the business results and financial condition of the Group.

1) High dependence on the print circuit board (PCB) industry

The Group specializes in PCB material production and is strongly affected by the amount of production in the PCB industry. Therefore, future production trends in the PCB industry could have a significant impact on our financial results.

2) Research and development expenses

The Group aggressively develops new products, mainly chemicals for PCBs. As technical innovations are remarkable in the PCB field, to supply products applying such new technologies, we have to make sufficient research and development investment. Therefore, our policy provides for investing approximately 10% of sales in R&D studies.

We will strive to create new demand or enhance sales for new products, which are the outcome of our R&D investment.

However, large R&D expenses could have a negative impact on our financial results if sales of new products are below our expectations.

In addition, if we misanalyze market needs and fall behind in developing new products, or if we cannot apply technical innovations, sales of our products will decrease to negatively affect our financial results.

3) Overseas operations

The Group consists of the Company and five consolidated subsidiaries. We establish a business structure to apply to the world's major PCB markets in a comprehensive manner. In particular, to reinforce sales in East Asia where the production of PCBs is rapidly increasing, the whole Group including R&D, sales, and production set the China market as our future main target.

However, if sales in the China market become dull or if geopolitical risk occurs in the area, our financial results could be negatively affected.

4) Hollowing out of the Japanese economy

The Company has dealings with almost all the electronic substrate manufacturers in Japan. More and more companies in the electronic substrate industry are moving their bases overseas, aiming to cut production costs. As a result, there is decreased production of electronic substrates in Japan. If this trend accelerates in the future it could affect our financial results.

5) Foreign currency risk

The Group's operations are developed not only in the domestic market but also worldwide. As exports from the Company to foreign subsidiaries are denominated in local currencies, receivables as of the balance sheet date are affected by the applicable exchange rate.

6) Surging prices of crude oils and raw materials

While inorganic materials are the main materials of chemicals for PCBs, our key products, we use crude oil or copper-based materials as a part of the raw materials. In addition, our chemical products are kept in polyethylene containers, which are significantly affected by crude oil prices. Although we endeavor to implement cost-cutting measures including the alteration of raw materials and large-scale and lump-sum procurement, if raw material prices surge in future, our financial results could be negatively affected.

7) Intellectual property rights

The Company has prioritized the management of intellectual property rights for chemical products as one of the key management issues regarding risk management. We established a specialized department for the management of intellectual property rights to deal with the control of our patent rights worldwide according to our patent strategy. However, we cannot assure that all patents we apply for are registered or that there are no infringements of our patent rights by third parties. Such circumstances, if they occurred, could have a negative impact on our financial results.

8) Environmental regulations

Chemical products for PCBs include chemicals for soldering boards and solder-related chemicals to melt solder. Under the RoHS Directive (Restriction of Hazardous Substances) issued by the European Union, the use of lead, which is a major element of solder, was banned in 2006 and electronics devices containing lead cannot be sold in Europe. In accordance with this regulation, more manufacturers of PCBs and electronic devices are using lead-free solder for their products. While we consider such a change of business environment to be a major business opportunity, if the development of new products is delayed beyond our expectations, our financial results could be negatively affected.

9) Recruiting and training of human resources

In light of the further enhancement of R&D and sales competitiveness aiming at reinforcing overseas operations, the Group has aggressively undertaken to recruit and train talented people. If we cannot recruit and train the staff required to maintain our business, our financial results could be negatively affected.

10) Change in prices of marketable securities held

The Group owns equity shares in other companies as strategic investments with the aim of building and maintaining business relationships, particularly with business partners. However, in cases where the value of equity shares held decreases considerably and also where no recoverability is recognized as a result of a considerable decrease in stock prices or deterioration of financial conditions or bankruptcy of the investment target company, the recording of impairment losses on equity shares held and the occurrence of evaluation loss could have a negative impact on our financial results.

11) Evaluation of recoverability of deferred tax assets

The Group determines recoverability after estimating reasonable future taxable income against future deductible amounts, and records deferred tax assets. However, if a question arises regarding recoverability as a result of an actual taxable income differing from the forecast or if a change occurs in the taxation of a country including change of tax rate, re-evaluation of deferred tax assets will be required.

In this case, if transfer from deferred tax assets becomes necessary, our financial results could be negatively affected.

12) Risk of effects of disasters

So that the production activities of the Company's Group are not impeded by natural disasters such as earthquakes and floods, and other disasters, we have established production bases that are spread apart geographically. However, we cannot guarantee that we will be able to fully mitigate the impact of any disasters. If our production or shipments stop for a long period in multiple sites, or if there is decreased production of end products such as electronic equipment due to a break in the supply chain, and electronic substrates are also subsequently affected, there is a possibility that the Group's earnings and financial condition may be impacted.

2. Situation of the Corporate Group

Since there is no change of the "Business System Chart (Business contents)" in the latest Securities Report (submitted by MEC COMPANY LTD. ((4971) on June 24, 2010), disclosure is omitted.

3. Management Policy

(1) Basic management policy

The significance of the existence of advanced electronic equipment, centered on semiconductors, as a key industry in all areas of technology, including information processing technology, automobiles, the environment and energy, continues to increase. Competition between enterprises in the PCB manufacturing industry, which provides the base technology supporting all of those other technologies, is undergoing further globalization.

Under these circumstances, we are using the competitiveness we enjoy in the domestic PCB industry to focus on expanding sales in the East Asian market, centered on China, Taiwan and South Korea, by taking maximum advantage of the unrivalled technological knowhow that we have accumulated to this point and putting new technology to practical use.

Also, in regard to research and development, which is the basis of our competitiveness, we are further reinforcing our product development system to meet the needs of customers, including higher-density circuits and higher-reliability lines, with a basic approach of eliminating waste and lowering costs from the perspectives of the environment and energy saving. Moreover, along with strengthening our market response capabilities, including subsidiaries, we are developing new products that apply the copper surface treatment technology and metal surface treatment technology that are our forte to various applications.

(2) Targeted management indicators

The Company uses management indicators emphasizing ordinary profit and net profit in non-consolidated business, and operating profit likewise in consolidated business, in order to return profits to shareholders in accordance with profit levels.

(3) Medium- to Long-term company management strategies

The Company is addressing the following themes in order for the Group to continue growing.

i) Handling of high-density PCB and high-reliability PCB technology

The Company's CZ Series of micro-etching solutions can meet needs for high-density electronic boards and technology for highly reliable electronic boards. This CZ Series of micro-etching solutions for copper surfaces has taken an exclusive share of the market as pre-processing agents that improve the adhesion between copper and resin in package PCB manufacturing processes typical of high-density PCBs. Currently, while digital information appliances and electronics are being fused together, the miniaturization of copper wiring is advancing rapidly in the same way as package PCBs in all areas in order for higher density PCBs aimed at improving performance. At the same time, high reliability in hard-use environments is also being called for more strongly, centered on PCBs for use in automobiles. As a result, the Group is aggressively pursuing the horizontal development of copper surface treatment agents including the CZ Series in markets other than package PCBs, and is expanding sales of the DL, HE and CA/CB series of products. Furthermore, while deepening surface etching technology on the one hand, we are also advancing a wide range of technological development as the industry's leading company in the area of strengthening the adhesion of smooth surfaces. In addition, we will focus on the practical application of technology to form micro-wiring accurately and cheaply using the subtract method, and on the development of microfabrication technology in various areas using selective etching technology represented by the CH/NH series of products.

ii) Handling of environment and energy-saving technology

In addition to cost performance, the question of how considerate a product is to the environment is also now an important evaluation factor for the commercial value of electronic products and automobiles. As a result, manufacturers are continuing to shift to materials that create a low environmental burden for use in electronic parts for these products. The Company's chemical processes, such as the BO series of multilayer PCB pre-treatment agents for strengthening adhesion and the CL series of water-soluble preflux agents ideal for lead-free solder, are designed so that materials with a low environmental burden can exhibit sufficient performance and also, the chemical process itself is considered in environmentally-friendly terms. We position these as strategic items and the whole Group will work together on the spread of their adoption by leading customers. Furthermore, in the development of new processes in the future, we will focus on the development of technology that supports both environmental considerations and cost performance factors.

iii) Handling of overseas markets

In the domestic Japanese PCB market, the Company is confident that it has built a strong position as an enterprise that contributes to the determination of cost and technology issues at customer manufacturers. Moreover, we believe in regard to future trends in the Japanese PCB industry that the Company's strengths will be exhibited even further because the area of high-density PCBs with ultrafine patterns will expand.

On the other hand, in the markets of China and Southeast Asia, we have not acquired enough non-Japanese affiliated customers and our market share remains low. Apart from the fact that general purpose PCBs, which do not have wiring patterns as fine as those in Japan, were the mainstream in these regions, we are aware that the Group has not been able to exhibit sufficient sales capabilities. As a result, we are striving to develop chemicals and strengthen sales within the Group that will allow us to exhibit competitive strength in these kinds of overseas PCB markets, where companies' technological abilities are improving, as well. Furthermore, we will also develop new copper surface treatment agent products that contribute to improved productivity and yield improvements, and introduce them to these markets in succession. Moreover, our policy will be to strengthen the technological support capabilities of all overseas subsidiaries and promote the improvement of customer satisfaction in all regions in combination with contributions to the stable procurement of materials.

Based on the development of these management strategies, the Group will aim to acquire a position in the global PCB industry in possession of multiple areas where we are the only company or the number one company, taking metal surface treatment technology, including copper surface treatment technology, as our core technology. We will also aim in the medium-term to apply metal surface treatment technology to various applications and will do our utmost to continue realizing high growth on an ongoing basis.

(4) Issues to be addressed

The Company's Group is aware that it needs to address the following issues.

i) Use of existing core technology to develop products in new areas and establishment of businesses

The Group specializes in PCB material production and there is a risk it could be strongly affected by the amount of production in the PCB industry. To reduce the risk mentioned above, we need to utilize the technology we have accumulated so far to develop products that can be applied in new areas, and enhance their selling power.

ii) Strategy for overseas markets

The Company's Group is building a strong sales network that covers the printed circuit board market in Japan. On the other hand, in the markets of Asia, we have not acquired enough non-Japanese affiliated customers and our market share remains low. We therefore also face the risk of a hollowing out of the Japanese market. To reduce the risk mentioned above, we need to strengthen our human resources at our overseas bases and enhance our selling power.

iii) Securement and nurturing of human resources

The Company Group is actively working to recruit excellent staff to strengthen its R&D system and selling power. However, that alone is not enough to fully strengthen the Group as a whole. In order to strengthen our managerial capabilities in areas such as laws, tax, finance, and overseas markets, in the future we need to recruit personnel with specialist knowledge, nurture our staff and secure the necessary employees.

4. Consolidated Financial Statements
(1) Consolidated balance sheet

(Unit: Thousands of yen)

	As of March 31, 2010		As of March 31, 2011
ASSETS				
Current assets:				
Cash and deposits		4,081,071		2,873,862
Notes and accounts receivable-trade		1,979,655		1,907,656
Merchandise and finished goods		233,356		218,376
Work in process		-		50,034
Raw materials and supplies		190,971		194,961
Deferred tax assets		121,768		114,406
Other		47,894		43,046
Allowance for doubtful accounts		(10,215)		(18,656)
Total current assets		6,644,503		5,383,688
Non-current assets:				
Property, plant and equipment				
Buildings and structures		2,711,708		2,728,359
Accumulated depreciation		(1,413,547)		(1,475,620)
Buildings and structures, net	*1	1,298,160	*1	1,252,738
Machinery, equipment and vehicles		1,504,004		1,437,268
Accumulated depreciation		(1,164,365)		(1,119,322)
Machinery, equipment and vehicles, net	*1	339,639	*1	317,946
Tools, furniture and fixtures		547,659		559,316
Accumulated depreciation		(406,566)		(433,130)
Tools, furniture and fixtures, net		141,093		126,185
Land	*1	1,182,290	*1	2,815,259
Construction in progress		440,673		49,618
Total property, plant and equipment		3,401,857		4,561,748
Intangible assets				
Goodwill		7,254		-
Other		42,902		37,433
Total intangible assets		50,157		37,433
Investments and other assets				
Investment sevurities		530,054		422,246
Other		121,165		120,214
Allowance for doubtful accounts		(1,188)		(3,918)
Total investments and other assets		650,031		538,543
Total non-current assets		4,102,046		5,137,724
Total		10,746,550		10,521,412

(Unit: Thousands of yen)

	As of March 31, 2010	As of March 31, 2011
LIABILITES		
Current liabilities:		
Notes and accouts payable-trade	612,499	583,172
Short-term loans payable	480,000	480,000
Accounts payable-other	227,756	204,098
Accrued expenses	38,088	44,037
Accrued income taxes	126,754	122,070
Reserve for bonuses	131,477	151,000
Other	87,539	186,374
Total current liabilities	1,704,116	1,770,753
Non-current liabilities:		
Deferred tax liabilities	445,276	368,707
Provision for retirement benefits	59,694	99,137
Other	108,390	105,904
Total non-current liabilities	613,361	573,749
Total	2,317,477	2,344,502
NET ASSETS		
Shareholders' equity:		
Capiral stock	594,142	594,142
Capiral surplus	446,358	446,358
Rerained earnings	7,897,763	7,780,948
Treasury stock	(92,740)	-
Total shareholders' equity	8,845,523	8,821,449
Valuation difference on available-for-sale securities	84,858	70,517
Foreign currency transtation and adjustment	(501,309)	(715,057)
	(416,450)	(644,539)
Total net assets	8,429,072	8,176,910
Total liabilities and net assets	10,746,550	10,521,412

(2) Consolidated statement of income and Statements of comprehensive income abstract

Consolidated statement of income

(Unit: Thaounsands of yen)

		Year ended March 31, 2010 From Aril 1, 2009 To March 31, 2010		Year ended March 31, 2011 From Aril 1, 2010 To March 31, 2011
Net sales		6,098,088		7,049,791
Costs of sales	*1	2,366,050	*1	2,945,419
Gross profit		3,732,037		4,104,371
Selling, general and administrative expenses	*2,*3	2,933,569	*2,*3	3,184,902
Operating income		798,468		919,468
Non-operating income				
Interest income		31,167		14,514
Dividends income		9,220		7,881
Gain on sales of investment securities		1,582		18,149
Other		23,623		19,422
Non-operating income		65,593		59,968
Non-operating expenses				
Interest expenses		5,955		4,912
Loss on sales of securities		420		-
Loss on valuation of investment securities		574		54,449
Loss on abandonment of inventories		41,229		32,871
Other		11,173		9,905
Non-operating expenses		59,352		102,138
Ordinary income		804,709		877,298
Extraordinary income				
Gain on sales of non-current assets	*4	351	*4	1,705
Surrender value of insurance		9,479		1,549
Reveral of allowance for doubtful accounts		7,219		-
Reversal of foreign currency translation adiustments		16,845		-
Extraordinary income		33,895		3,254
Extraordinary loss				
Loss on sales of non-current assets	*5	1,822	*5	2,067
Loss on retirement of non-current assets	*6	2,982	*6	13,575
Impairment loss		-		517,820
Loss on adjustment for changes of accounting standard for asset retirement obligations				2,568
Extraordinary loss		4,804		536,032
Income before income taxes		833,800		344,520
Income taxes-current		258,411		234,026
Income taxes-deferred		(138,468)		(26,077)
Income taxes		119,942		207,949
Income before minority interests		-		136,571
Net income		713,857		136,571

(Statements of comprehensive income abstract)

(Unit: Thousands of yen)

	Year ended March 31, 2010 From Aril 1, 2009 To March 31, 2010	Year ended March 31, 2011 From Aril 1, 2010 To March 31, 2011
Income before minority interests CI	-	136,571
Other comprehensive income abstract		
Valuation defference on available for sales securities net of tax OCI	-	(14,340)
Foreign currency translation adjustment	-	(213,748)
Other comprehensive income	-	*2 (228,088)
Comprehensive income	-	*1 (91,517)
Comprehensive income attributable to abstract		
Comprehensive income attributable to owners of the parent	-	(91,517)
Comprehensive income attributable to minority interests	-	-

(3) Statements of changes in net assets

(Unit: Thousands of yen)

	Year ended March 31, 2010 From April 1, 2009 To March 31, 2010	Year ended March 31, 2011 From April 1, 2010 To March 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	594,142	594,142
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of currenst period	594,142	594,142
Capital surplus		
Balance at the end of previous period	446,358	446,358
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of currenst period	446,358	446,358
Retained earnings		
Balance at the end of previous period	7,424,761	7,897,763
Changes of items during the period		
Dividends from surplus	(240,856)	(160,569)
Net income	713,857	136,571
Retirement of treasury stock	-	(92,816)
Total changes of items during the period	473,001	(116,814)
Balance at the end of currenst period	7,897,763	7,780,948
Treasury stock		
Balance at the end of previous period	(92,677)	(92,740)
Changes of items during the period		
Purchase of treasury stock	(63)	(75)
Retirement of treasury stock	-	92,816
Total changes of items during the period	(63)	92,740
Balance at the end of currenst period	(92,740)	-
Total shareholders' equity		
Balance at the end of previous period	8,372,585	8,845,523
Changes of items during the period		
Dividends from surplus	(240,856)	(160,569)
Net income	713,857	136,571
Purchase of treasury stock	(63)	(75)
Retirement of treasury stock	-	-
Total changes of items during the period	472,938	(24,073)
Balance at the end of currenst period	8,845,523	8,821,449

(Unit: Thousands of yen)

	Year ended March 31, 2010 From April 1, 2009 To March 31, 2010	Year ended March 31, 2011 From April 1, 2010 To March 31, 2011
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(4,714)	84,858
Changes of items during the period		
Net changes of items other than shareholders' equity	89,572	(14,340)
Total changes of items during the period	89,572	(14,340)
Balance at the end of currenst period	84,858	70,517
Foreign currency translation adjustment		
Balance at the end of previous period	(587,468)	(501,309)
Changes of items during the period		
Net changes of items other than shareholders' equity	86,159	(213,748)
Total changes of items during the period	86,159	(213,748)
Balance at the end of currenst period	(501,309)	(715,057)
Balance at the end of previous period	(592,182)	(416,450)
Changes of items during the period		
Net changes of items other than shareholders' equity	175,732	(228,088)
Total changes of items during the period	175,732	(228,088)
Balance at the end of current period	(416,450)	(644,539)
Total net assets		
Legal capital surplus	7,780,402	8,429,072
Changes of items during the period		
Dividends from surplus	(240,856)	(160,569)
Net income (loss)	713,857	136,571
Purchase of treasury stock	(63)	(75)
	-	-
Net changes of items other than shareholders' equity	175,732	(228,088)
Total changes of items during the period	648,670	(252,162)
Balance at the end of current period	8,429,072	8,176,910

(4) Consolidated statement of cash flow

(Unit: Thousands of yen)

	Year ended March 31, 2010 From April 30, 2009 To March31, 2010	Year ended March 31, 2011 From April 30, 2010 To March31, 2011
Cash flow from operating activities		
Income before income taxes	833,800	344,520
Depreciation and amortization	328,929	281,088
Impairment loss	-	517,820
Increase (decrease) in allowance for doubtful accounts	(28,967)	11,569
Increase (decrease) in provision for bonuses	27,760	19,522
Increase (decrease) in provision for retirement benefits	42,990	39,442
Interest and dividends income	(40,387)	(22,396)
Interest expenses	5,955	4,912
Insurance premium refunded cancellation	(9,479)	(1,549)
Loss (gain) on valuation of investment securities	574	54,449
Stock-right profit	-	(5,218)
Reversal of foregn currency translation adjustments (gain)	(16,845)	-
Decrease (increase) in notes and accounts receivable-trade	(590,751)	14,727
Decrease (increase) in inventories	54,156	(64,310)
Increase (decrease) in notes and accounts payable-trade	217,433	(16,945)
Other	189,487	38,593
Subtotal	1,014,658	1,216,225
Interest and debidends income received	39,111	22,451
Interset expenses paid	(5,545)	(4,640)
Income tax refund	151,941	321
Income tax paid	(271,610)	(245,500)
Net cash provided by (used in)operating activities	928,555	988,857
Cash flow from investment activities		
Payments into time deposits	(1,232,757)	(1,085,129)
Proceeds from withdrawal of time deposits	1,878,758	1,117,529
Purchase of property, plant and quipment	(334,576)	(1,938,294)
Proceeds from sales of property, plant and equipment	2,340	2,868
Purchase of intangible assets	(655)	-
Purchase of investment securities	(16,727)	(16,123)
Proceeds from sales of investment securities	30,921	30,075
Proceeds from maturity of insurance funds	37,357	3,019
Other	1,801	(695)
Net cash provided by (used in) investment activities	366,463	(1,886,751)
Cash flow from financing activities		
Increase in short-term loans payable	480,000	480,000
Decrease in short-term loans payable	(480,000)	(480,000)
Purchase of treasury stock	(63)	(75)
Cash dividends paid	(241,265)	(160,200)
Net cash provided by (used in) financing activities	(241,328)	(160,276)
Effect of exchange rate changeon cash and cash equipments	10,585	(67,411)
Net increase (decrease) in cash and cash equivalents	1,064,276	(1,125,581)
Cash and Cash equivalents at the bigining og the period	2,209,945	3,274,222
Cash and Cash equivalents at the end od the period	3,274,222	2,148,640

(5) Notes on the premise of a going concern
N/A

(6) Basis of presentation and summary of significant accounting policies for the preparation of consolidated financial statements

Item	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
1. Scope of Consolidation	The number of consolidated subsidiaries 5 Consolidated subsidiaries: MEC TAIWAN COMPANY LTD. MEC (HONG KONG) LTD. MEC FINE CHEMICAL (ZHUHAI) LTD. MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD. MEC EUROPE N.V. (Changes in the scope of consolidation) In the current consolidated fiscal year, we completed liquidating the consolidated subsidiary MEC USA SPECIALTY PRODUCTS INC. As a result, it is excluded from the scope of consolidated accounting.	The number of consolidated subsidiaries 5 Consolidated subsidiaries: MEC TAIWAN COMPANY LTD. MEC (HONG KONG) LTD. MEC FINE CHEMICAL (ZHUHAI) LTD. MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD. MEC EUROPE N.V.
2. Fiscal Year-End of Consolidated Subsidiaries	The fiscal year-end of all consolidated subsidiaries is December 31. In preparing the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year-end. For major intervening transactions that occurred between the fiscal year-end of those companies and March 31, appropriate adjustments have been made in the consolidated financial statements.	Same as fiscal year ended March 2010
3. Summary of Significant Accounting Policies		
(1) Basis and Methods of Valuation of Significant Assets	(1) Basis and method of valuation of marketable securities and other securities Securities with determinable market value: Stated at the market value method based on the quoted market prices at the end of the consolidated fiscal year (Unrealized holding gains and losses are reported in a component of shareholders' equity, with the cost of securities sold being calculated by the moving-average method.) Securities without determinable market value: Stated at cost based on the moving-average method (2) Derivatives Stated at the market value method (3) Basis and method of valuation of inventories (i) Goods, products (chemicals), raw materials, inventories of merchandise and supplies: Stated at cost based on the periodic average method (Book price devaluation based on the decrease in profitability of balance sheet values) (ii) Products (Machinery): Stated at cost based on the cost convention	(1) Basis and method of valuation of marketable securities and other securities Securities with determinable market value: Same as fiscal year ended March 2010 Securities without determinable market value: Same as fiscal year ended March 2010 (2) Derivatives Same as fiscal year ended March 2010 (3) Basis and method of valuation of inventories (i) Merchandise, finished goods (chemicals), material in process and raw materials, and supplies are stated at cost based on the periodic average method (Book price devaluation based on the decrease in profitability of balance sheet values). Stated at cost based on the periodic average method (Book price devaluation based on the decrease in profitability of balance sheet values) (ii) Products (Machinery) Same as fiscal year ended March 2010

	method (Book price devaluation based on the decrease in profitability of balance sheet values)	

Item	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
(2) Depreciation and Amortization of Significant Depreciable Assets	(1) Tangible fixed assets The Company accounts for depreciation of tangible fixed assets by the declining-balance method, except for buildings (excluding fixtures) acquired on and after April 1, 1998, which are accounted for by the straight-line method. Overseas consolidated subsidiaries account for the depreciation of property, plants, and equipment mainly by the straight-line method. The principal useful lives are as follows: Building and structures: 7 - 50 years Machinery and vehicles: 4 - 10 years Tools and equipment: 4 - 7 years	(1) Tangible fixed assets Same as fiscal year ended March 2010
	(2) Intangible Assets Intangible assets are amortized using the straight-line method	(2) Intangible Assets Same as fiscal year ended March 2010
(3) Method of Accounting for Significant Allowances	(1) Allowance for Doubtful Accounts The Company provides allowance for doubtful accounts in an amount sufficient to cover probable losses on collection. Provision for normal receivables is calculated by using the actual percentage of credit losses, while for certain identified doubtful receivables, recoverability is assessed separately to estimate the uncollectible amount. Overseas subsidiaries compute allowances mainly based on an individual estimate of certain identified doubtful receivables that may not be recoverable.	(1) Allowance for Doubtful Accounts Same as fiscal year ended March 2010
	2) Allowance for Bonuses The Company provides allowance for bonuses for employees based on the estimated amount of payment in the current consolidated year.	(2) Allowance for Bonuses Same as fiscal year ended March 2010

Item	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
	(3) Allowance for retirement benefit The Company provides allowance for retirement benefit in the amount to be recognized on the consolidated balance sheet date based on the estimated amount of the projected benefit obligation and the fair value of plan assets at the end of the current consolidated fiscal year. For executive officers not directors, pursuant to the Company's regulations for retirement benefit for executive officers, 100% of the estimated payment amount on the consolidated balance sheet date is recognized. The Company adopts a defined benefit pension plan operated by multi-employers for the total balance of our retirement scheme except for those provided based on the regulations of retirement benefit for executive officers. Prior service costs are amortized by the straight-line method over a certain period within the average estimated remaining service period of employees, which is 10 years, at the time of occurrence. Actuarial differences are amortized by the declining-balance method over a certain period within the average estimated remaining service period of employees at the time of occurrence of each year, which is 10 years, beginning from the following fiscal year. (Changes in accounting policies) Effective in the current consolidated accounting year, the Company adopted Financial Standards Board Statement No. 19 "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" issued on July 31, 2008. There will be no effect due to this change on operating profit, ordinary profit and net profit before taxes because the difference will be amortized in accounting from the following fiscal year. In addition, the outstanding balance of the difference of retirement benefit liabilities generated in association with the application of this accounting standard is ¥50,678 thousand.	(3) Allowance for retirement benefit The Company provides allowance for retirement benefit in the amount to be recognized on the consolidated balance sheet date based on the estimated amount of the projected benefit obligation and the fair value of plan assets at the end of the current consolidated fiscal year. For executive officers not directors, pursuant to the Company's regulations for retirement benefit for executive officers, 100% of the estimated payment amount on the consolidated balance sheet date is recognized. The Company adopts a defined benefit pension plan operated by multi-employers for the total balance of our retirement scheme except for those provided based on the regulations of retirement benefit for executive officers. Prior service costs are amortized by the straight-line method over a certain period within the average estimated remaining service period of employees, which is 10 years, at the time of occurrence. Actuarial differences are amortized by the declining-balance method over a certain period within the average estimated remaining service period of employees at the time of occurrence of each year, which is 10 years, beginning from the following fiscal year.

Item	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
(4) Basis of translation of significant assets and liabilities denominated in foreign currencies into Japanese yen	Monetary receivables and payables denominated in foreign currencies are translated into yen using the prevailing spot exchange rate on the consolidated balance sheet date and any exchange differences are accounted for as profit or loss. Assets and liabilities of overseas subsidiaries are translated into yen at the prevailing spot rate at the balance sheet date of subsidiaries. The profit and loss of consolidated subsidiaries are translated into yen at the average spot rate during the period and any exchange differences are recorded as foreign currency translation and adjustment under net assets. (Changes in accounting policies) The company previously translated profit and loss on the financial statements of overseas subsidiaries into yen at the prevailing spot rate at the balance sheet date of subsidiaries. However, from the current consolidated accounting year, the Company has changed to a method translating into yen based on the average spot rate during the period. This change was made in association with the increasing importance in recent years of the profit and loss of overseas subsidiaries in order to screen out temporary changes in spot rates and reflect the periodic profit and loss of overseas subsidiaries more appropriately in the consolidated financial statements by averaging out the impact on periodic profit and loss of changes in spot rates. The net effect of this change was to increase sales by ¥3,026 thousand, the operating profit by ¥87 thousand, ordinary profit by ¥25 thousand, and net profit before taxes by ¥311 thousand, respectively, compared with the amounts based on the previous accounting methods. The effects on segment information are described in the relevant notes.	Monetary receivables and payables denominated in foreign currencies are translated into yen using the prevailing spot exchange rate on the consolidated balance sheet date and any exchange differences are accounted for as profit or loss. Assets and liabilities of overseas subsidiaries are translated into yen at the prevailing spot rate at the balance sheet date of subsidiaries. The profit and loss of consolidated subsidiaries are translated into yen at the average spot rate during the period and any exchange differences are recorded as foreign currency translation and adjustment under net assets.
(5) Method and period for amortization of goodwill	——————	Goodwill and negative goodwill are amortized over five years using the straight-line method.
(6) Cash and cash equivalent in the consolidated statement of cash flow	——————	Cash and cash equivalent comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, having been within three months of maturity at acquisition.
(7) Other significant matters for the preparation of consolidated financial statements	Accounting of consumption taxes Consumption taxes are excluded from the revenue and expense accounts which are subject to taxes.	Accounting of consumption taxes Same as fiscal year ended March 2010
4. Valuations of assets and liabilities of consolidated subsidiaries	The Company adopts the full fair value methods, in which all assets and liabilities including those of minority interests are valued at mark-to-market when the Company acquired the control of subsidiaries.	——————

Item	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
5. Amortization of goodwill and negative goodwill	Goodwill and negative goodwill are amortized over five years using the straight-line method.	——————————
6. Cash and cash equivalent in the consolidated statement of cash flow	Cash and cash equivalent comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, having been within three months of maturity at acquisition.	——————————

(7) Changes in significant matters for the preparation of a consolidated financial statement

From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
——————————	(Application of Accounting Standards for Asset Retirement Obligations) From the consolidated year under review, we have been applying "Accounting Standards for Asset Retirement Obligations" (ASBJ Statement No. 18; March 31, 2008) and “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21; March 31, 2008). This application has a minimal effect on our profit and loss, and a minimal effect on changes in the amount of our asset retirement obligations.

(8) Changes in presentation

From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
——————————	(Consolidated Balance Sheet) Until the previous fiscal year, “material in process” was included in “merchandise and finished goods." However, it is now stated separately because its importance in accounting terms has increased. In addition, the amount of “material in process” that was included in “merchandise and finished goods” in the previous fiscal year came to 39,189 thousand yen. (Consolidated statements of income) From the consolidated fiscal year under review and based on the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; December 26, 2008), we have applied “Partially Revised Cabinet Office Ordinance including the regulation for terminology, forms and preparation of financial statements” (Cabinet Office Ordinance No. 5; March 24, 2009). As a result of this application, the item of “Net income before minority interests” has been presented.

(9) Additional information

From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
——————————	Effective in the current consolidated accounting year, the Company adopted Financial Standards Board Statement No. 25 “Accounting Standard for Comprehensive income” issued on June 30, 2010. However, the amount of "Other accumulated comprehensive income" and "Total other accumulated comprehensive income" in the previous fiscal year was shown in "Valuation and translation adjustments" and "Total valuation and translation adjustment."

(10) Notes to Consolidated Financial Statements

(Notes to consolidated balance sheet)

Year ended March 31, 2010		Year ended March 31, 2011	
*1 Assets pledged in collateral (Thousands of yen)		*1 Assets pledged in collateral (Thousands of yen)	
Building and structures	31,344	Building and structures	21,149
Machinery, equipment, and vehicles	12,685	Machinery, equipment, and vehicles	7,515
Land	27,719	Land	22,681
Total	71,749	Total	51,346
There is no obligation corresponding to the above pledged assets.		There is no obligation corresponding to the above pledged assets.	

(Notes to consolidated statements of income)

From April 1, 2009 to March 31, 2010		From April 1, 2010 to March 31, 2011	
*1 The inventories at the fiscal year end are the amounts after write-down of book value as a result of decrease in profitability and loss on valuation of inventories of ¥17,188 thousand is included in costs of sales.		*1 The inventories at the fiscal year end are the amounts after write-down of book value as a result of decrease in profitability and loss on valuation of inventories of ¥9,733 thousand is included in costs of sales.	
*2 Breakdown of selling, general, and administrative expenses:	(Thousands of yen)	*2 Breakdown of selling, general, and administrative expenses:	(Thousands of yen)
Salaries and bonuses	704,903	Salaries and bonuses	747,693
Research and development expenses	788,101	Research and development expenses	932,260
Packing and transportation expenses	347,037	Packing and transportation expenses	352,561
Provision for allowance for bonuses	70,072	Provision for allowance for bonuses	75,950
*3 Research and development expenses included in general expenses were ¥788,101 thousand.		*3 Research and development expenses included in general expenses were ¥932,260 thousand.	
*4 Breakdown of profit on sale of fixed assets is as follows:	(Thousands of yen)	*4 Breakdown of profit on sale of fixed assets is as follows:	(Thousands of yen)
Machinery, equipment, and vehicles	338	Machinery, equipment, and vehicles	1,613
Tools, furniture, and fixtures	13	Tools, furniture, and fixtures	91
Total	351	Total	1,705
*5 Breakdown of loss on sale of fixed assets is as follows:	(Thousands of yen)	*5 Breakdown of loss on sale of fixed assets is as follows:	(Thousands of yen)
Machinery, equipment, and vehicles	1,434	Machinery, equipment, and vehicles	1,764
Tools, furniture, and fixtures	387	Tools, furniture, and fixtures	302
Total	1,822	Total	2,067
*6 Breakdown of loss on disposal of fixed assets is as follows:	(Thousands of yen)	*6 Breakdown of loss on disposal of fixed assets is as follows:	(Thousands of yen)
Machinery, equipment, and vehicles	2,085	Buildings and structures	2,868
Tools, furniture, and fixtures	888	Machinery, equipment, and vehicles	8,369
"Other" in investment and other assets	8	Tools, furniture, and fixtures	669
Total	2,982	Construction in progress	1,463
		"Other" in investment and other assets	204
		Total	13,575

<table>
<tr><th>From April 1, 2009 to March 31, 2010</th><th>From April 1, 2010 to March 31, 2011</th></tr>
<tr><td>——————————</td><td>*7 Impairment loss
In the consolidated fiscal year under review, the Company posted an impairment loss of ¥517,820 thousand as an extraordinary loss.
<table>
<tr><th>Place</th><th>Use</th><th>Type</th><th>Amount</th></tr>
<tr><td rowspan="2">Hyogo Prefecture</td><td rowspan="2">Idle assets</td><td>Land</td><td>¥472,280 thousand</td></tr>
<tr><td>Construction in progress</td><td>¥45,540 thousand</td></tr>
</table>

(Reason for the recognition of impairment losses)
Some land became an idle asset because of the cancellation of the plan to build a new plant. This land is currently unused, and there are no concrete plans to use it for business. Thus, we reduced its book value to the recoverable amount. The recoverable amount is based on the amount shown in a report produced by real estate appraisers. Because the Company has no plan to put construction in progress to use as facilities in the future, it is recognized as an impairment loss.

(Method of grouping assets)
In principle, assets are grouped on the basis of their production and sales system and by reportable segment, while idle assets are grouped in units of individual properties.</td></tr>
</table>

(Matters related to consolidated statement of comprehensive income)

Consolidated fiscal year under review (from April 1, 2010 to March 31, 2011)

*1 Comprehensive income in the immediately preceding consolidated fiscal year

Comprehensive income related to parent company's shareholders	¥889,590 thousand
Comprehensive income related to minority shareholders	—
Total	889,590

*2 Other comprehensive income in the immediately preceding consolidated fiscal year

Valuation difference on available-for-sale securities	¥89,572 thousand
Foreign currency translation and adjustment	¥86,159 thousand
Total	175,732

(Notes to Consolidated Statements of Changes in Net Assets)

From April 1, 2009 to March 31, 2010

1. Class and numbers of total shares issued and treasury stock held

	Number of shares at the end of the previous fiscal year	Increase in number of shares during the fiscal year	Decrease in number of shares during the fiscal year	Number of shares at the end of the fiscal year
Shares issued				
Common stock	20,371,392	—	—	20,371,392
Total	20,371,392	—	—	20,371,392
Treasury stock				
Common stock	300,033	100	—	300,133
Total	300,033	100	—	300,133

(Note) Treasury stock increased by 100 common shares due to the purchase of shares of less than one unit.

2. Dividends

(1) Amount of dividends paid

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Dividend per share (Yen)	Date of record	Effective date
Regular meeting of the Board of Directors on May 22, 2009	Common stock	160,570	8	March 31, 2009	June 8, 2009
Regular meeting of the Board of Directors on October 30, 2009	Common stock	80,285	4	September 30, 2009	December 1, 2009

(2) Dividends with a record date within the current fiscal year that become effective after the end of the fiscal year

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Source of dividends	Dividend per share (Yen)	Date of record	Effective date
Regular meeting of the Board of Directors on May 25, 2010	Common stock	80,285	Retained earnings	4	March 31, 2010	June 8, 2010

From April 1, 2010 to March 31, 2011

1. Class and numbers of total shares issued and treasury stock held

	Number of shares at the end of the previous fiscal year	Increase in number of shares during the fiscal year	Decrease in number of shares during the fiscal year	Number of shares at the end of the fiscal year
Shares issued				
Common stock	20,371,392	—	300,299	20,071,093
Total	20,371,392	—	300,299	20,071,093
Treasury stock				
Common stock	300,133	166	300,299	—
Total	300,133	166	300,299	—

(Note)

1. Treasury stock increased by 166 common shares due to the purchase of shares of less than one unit.
2. The reduction of 300,299 shares of common stock was due to the cancellation of treasury stock by resolution of the Board of Directors.

2. Dividends

(1) Amount of dividends paid

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Dividend per share (Yen)	Date of record	Effective date
Regular meeting of the Board of Directors on May 25, 2010	Common stock	80,285	4	March 31, 2010	June 8, 2010
Regular meeting of the Board of Directors on October 29, 2010	Common stock	80,284	4	September 30, 2010	December 7, 2010

(2) Dividends with a record date within the current fiscal year that become effective after the end of the fiscal year

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Source of dividends	Dividend per share (Yen)	Date of record	Effective date
Regular meeting of the Board of Directors on May 25, 2010	Common stock	280,995	Retained earnings	14	March 31, 2011	June 8, 2011

(Notes to consolidated statement of cash flow)

From April 1, 2009 to March 31, 2010		From April 1, 2010 to March 31, 2011	
* Reconciliation of cash and cash equivalents at the end of the fiscal year with the consolidated balance sheet accounts	(Thousands of yen)	* Reconciliation of cash and cash equivalents at the end of the fiscal year with the consolidated balance sheet accounts	(Thousands of yen)
Cash and deposits	4,081,071	Cash and deposits	2,873,862
Less: Time deposits with maturities extending over three months	(806,849)	Less: Time deposits with maturities extending over three months	(725,222)
Cash and cash equivalent	3,274,222	Cash and cash equivalent	2,148,640

(Omission of disclosure)

The Company has omitted notes on transactions of financial instruments, securities, derivatives, asset retirement obligations, and real estate for rent because their disclosure in this financial review is not considered necessary.

(Retirement benefit)

Fiscal year ended March, 2010

1. Outline of retirement benefit scheme applied
   The Company adopts a contract-type defined benefit pension plan operated by multi-employers ("cash balance plan") based on the Defined Benefit Corporate Pension Law for its employees and with regard to executive officers not directors, a retirement benefit pension plan for executive directors is established. Certain overseas subsidiaries adopt a defined contribution pension scheme.
   In addition to the above scheme, the Company is a member of the Employees' Pension Fund of the Japan Print Circuit Association, which is a scheme to be accounted for the exceptions provided by Section 33 of the Implementation Guideline for Retirement Benefit Accounting.
   The scheme operated by multiple employers that calculates the required amount of contribution for retirement benefit expenses is composed as follows:
   1) Funded status of the whole scheme as of March 31, 2009 (Thousands of yen)

Plan assets	41,475,873
Benefit obligation based on the calculation of pension financing in the scheme	56,260,337
Net amount	(14,784,464)

   2) Percentage of the Company's salaries of the whole scheme
      (From April 1, 2008 to March 31, 2009) 1.211%
   3) Supplemental information
      The net amount in 1) above was mainly due to a prior service obligation in pension financing of ¥2,659,378 thousand yen and retained earnings of ¥12,125,086 thousand yen. The scheme amortizes prior service cost over 18 years by equal payment. The Company expensed a special contribution of ¥5,244 thousand in the current consolidated financial statement.
      The percentage of the Company's salaries in 2) above did not match the percentage of actual contribution.

2. Retirement benefit obligation and its breakdown

	As of March 31, 2010
(1) Retirement benefit obligation	(909,632)
(2) Plan asset	614,045
(3) Unfunded projected benefit obligation (1) + (2)	(295,586)
(4) Unrecognized actuarial gain and loss	108,427
(5) Unrecognized prior service cost	127,464
(6) Allowance for retirement benefit	(59,694)

3. Breakdown of retirement benefit obligation

	As of March 31, 2010
(1) Service cost	73,078
(2) Interest cost on projected benefit obligations	16,498
(3) Expected return on plan assets	(9,877)
(4) Actuarial gain and loss	43,991
(5) Amortization of prior service cost	18,883
Sub total	142,574
(6) Contribution to Employees' Pension Fund	31,867
(7) Contribution to defined contribution plans of consolidated subsidiaries	11,121
Total retirement benefit obligation	185,564

(Thousands yen)

4. Basis of calculation of retirement benefit obligation

	As of March 31, 2010
(1) Assumed discount rate	1.5%
(2) Expected rate of return	2.0%
(3) Periodical allocation of estimated retirement benefits	Allocated to each period by the straight-line method
(4) Amortization of actuarial gain and loss	Amortized over 10 years from the year following that of the occurrence by the declining-balance method
(5) Amortization of prior service cost	Amortized over 10 years from the year of the occurrence by the straight-line method

Fiscal year ended March 2011

1. Outline of retirement benefit scheme applied

   The Company adopts a contract-type defined benefit pension plan operated by multi-employers ("cash balance plan") based on the Defined Benefit Corporate Pension Law for employees and with regard to executive officers not directors, a retirement benefit pension plan for executive directors is established. Certain overseas subsidiaries adopt a defined contribution pension scheme.

   In addition to the above scheme, the Company is a member of the Employees' Pension Fund of the Japan Print Circuit Association, which is a scheme to be accounted for the exceptions provided by Section 33 of the Implementation Guideline for Retirement Benefit Accounting.

   The scheme operated by multi-employers which accounts the required amount of contribution for retirement benefit expenses is comprised as follows:

   1) Funded status of the whole scheme as of March 31, 2010 (Thousands of yen)

Plan assets	49,352,635
Benefit obligation based on the calculation of pension financing in the scheme	44,429,321
Net amount	(4,923,314)

   2) Percentage of the Company's salaries of the whole scheme

   (From April 1, 2009 to March 31, 2010) 1.447%

   3) Supplemental information

   The net amount in 1) above was mainly due to a surplus of ¥12,422,205 thousand yen, a prior service obligation in pension financing of ¥2,214,590 thousand yen and appropriation of retained earnings of ¥5,284,301 thousand yen. The scheme amortizes prior service cost over 13 years by equal payment. The Company expensed a special contribution of ¥6,165 thousand in the current consolidated financial statement.

   The percentage of the Company's salaries in 2) above did not match with the percentage of actual contribution.

2. Retirement benefit obligation and its breakdown

	As of March 31, 2011
(1) Retirement benefit obligation	(891,569)
(2) Plan asset	624,125
(3) Unfunded projected benefit obligation (1) + (2)	(267,443)
(4) Unrecognized actuarial gain and loss	59,724
(5) Unrecognized prior service cost	108,581
(6) Allowance for retirement benefit	(99,137)

3. Breakdown of retirement benefit obligation

	As of March 31, 2011
(1) Service cost	78,722
(2) Interest cost on projected benefit obligations	13,074
(3) Expected return on plan assets	(9,210)
(4) Actuarial gain and loss	22,336
(5) Amortization of prior service cost	18,883
Sub total	123,806
(6) Contribution to Employees' Pension Fund	33,499
(7) Contribution to defined contribution plans of consolidated subsidiaries	11,466
Total retirement benefit obligation	168,772

(Thousands yen)

4. Basis of calculation of retirement benefit obligation

	As of March 31, 2011
(1) Assumed discount rate	2.0%
(2) Expected rate of return	1.5%
(3) Periodical allocation of estimated retirement benefits	Allocated to each period by the straight-line method
(4) Amortization of actuarial gain and loss	Amortized over 10 years from the year following that of the occurrence by the declining-balance method
(5) Amortization of prior service cost	Amortized over 10 years from the year of the occurrence by the straight-line method

(Deferred tax accounting)

Year ended March 31, 2010		Year ended March 31, 2011	
1. Breakdown of deferred tax assets and deferred tax liabilities by major causes of occurrence:		1. Breakdown of deferred tax assets and deferred tax liabilities by major causes of occurrence:	
Current Assets		Current Assets	
(Deferred tax assets)		(Deferred tax assets)	
(Thousands of yen)		(Thousands of yen)	
Allowance for bonuses	53,419	Allowance for bonuses	61,351
Social insurance premiums	7,488	Social insurance premiums	7,661
Unrealized income on inventory assets	7,155	Unrealized income on inventory assets	13,068
Carry forward of foreign tax credits	44,400	Carry forward of foreign tax credits	23,700
Other	9,305	Other	8,624
Total deferred tax assets	121,768	Total deferred tax assets	114,406
Fixed Assets		Fixed Assets	
(Deferred tax assets)		(Deferred tax assets)	
Retirement benefit payable for directors and corporate auditors	17,296	Retirement benefit payable for directors and corporate auditors	17,296
Allowance for retirement benefit	24,254	Allowance for retirement benefit	40,279
Sales promotion expenses	20,406	Sales promotion expenses	12,659
Carry forward of foreign tax credits	129,241	Carry forward of foreign tax credits	163,300
Other	9,364	Impairment loss	193,529
Sub total	200,563	Other	12,001
Valuation allowance	(91,063)	Sub total	439,065
Total deferred tax assets	109,500	Valuation allowance	(317,590)
(Deferred tax liabilities)		Total deferred tax assets	121,475
Evaluation gains on other marketable securities	90,995	(Deferred tax liabilities)	
Retained earnings of overseas subsidiaries	463,378	Evaluation gains on other marketable securities	47,779
Other	402	Retained earnings of overseas subsidiaries	442,008
Total deferred tax liabilities	554,776	Other	394
Deferred tax liabilities, net	445,276	Total deferred tax liabilities	490,182
		Deferred tax liabilities, net	368,707
2. Breakdown of major causes of differences between the effective statutory rate and rates of income taxes after application of deferred tax accounting:		2. Breakdown of major causes of differences between the effective statutory rate and rates of income taxes after application of deferred tax accounting:	
Effective statutory rate	40.6%	Effective statutory rate	40.6%
(Reconciliation)		(Reconciliation)	
Permanent difference including entertainment and social expenses	0.4%	Permanent difference including entertainment and social expenses	0.7%
Inhabitant tax on per capita basis	0.2%	Inhabitant tax on per capita basis	0.4%
Special tax deductions on research and development costs	(1.2%)	Special tax deductions on research and development costs	(2.2%)
Foreign tax deductions	(17.4%)	Overseas withholding taxes	9.6%
Tax on undistributed profits of overseas subsidiaries	6.0%	Foreign tax deductions	(3.0%)
Tax benefits on new establishment of overseas subsidiaries	(1.1%)	Tax on undistributed profits of overseas subsidiaries	3.8%
Increase (decrease) in valuation allowance	1.8%	Tax benefits on new establishment of overseas subsidiaries	(6.2%)
Unrecognized deferred tax asset or liability relating to unrealized profit	(2.1%)	Increase (decrease) in valuation allowance	66.7%
Differences from overseas taxation	(13.6%)	Differences from overseas taxation	(50.1%)
Other	0.8%	Other	0.1%
Rates of income taxes after application of deferred tax accounting	14.4%	Rates of income taxes after application of deferred tax accounting	60.4%

(Segment information)

a. Information by operating segment

In the previous consolidated fiscal year, the Company's Group as a specialist manufacturer of PCB-related products manufactured and sold chemicals, machinery, equipment and grinding materials belonging to the same segment. Since the Company Group had no businesses other than those, there are no matters to report.

b. Information by geographical segment

From April 1, 2009 to March 31, 2010

(Thousands of yen)

	Japan	Asia	Europe	Other	Total	Elimination or corporate	Consolidated
I Sales and operating income							
Sales							
(1) Outside customers	3,566,407	2,138,646	393,033	—	6,098,088	—	6,098,088
(2) Inter-segment sales and transfers	946,148	3,351	—	—	949,500	(949,500)	
Total	4,512,556	2,141,997	393,033	—	7,047,588	(949,500)	6,098,088
Operating expenses	3,904,697	1,470,415	399,018	1,504	5,775,635	(476,016)	5,299,619
Operating profit/(loss)	607,859	671,582	(5,984)	(1,504)	1,271,952	(473,484)	798,468
II Assets	5,582,994	4,203,910	317,365	—	10,104,270	642,280	10,746,550

(Notes)

1. Method of classifying geographical segments and countries and regions included in each segment Method of classifying geographical segments: Classified on the basis of geographical proximity Countries and regions included in each segment:

   Asia: Taiwan, Hong Kong and China

   Europe: Belgium

   Other: the United States

2. With regard to operating expenses, non-allocated operating expenses of ¥501,961 thousand were included in the "Elimination or corporate" segment and were mainly expenses for the administrative section of the Company.

3. With regard to assets, the corporate assets of ¥2,910,237 thousand were included in the "Elimination or corporate" segment and comprised mainly investment of surplus funds (cash deposits), long-term investment (investment securities) and assets related to the administrative section of the Company.

4. Changes in accounting policies
   (Change in the translation method for the profit and loss of overseas consolidated subsidiaries)
   As mentioned in 3.(4) of the "Basis of presentation and summary of significant accounting policies for the preparation of consolidated financial statements," the Company previously translated profit and loss of overseas consolidated subsidiaries into yen at the prevailing spot rate at the balance sheet date of the subsidiaries, but from the current consolidated accounting year, the Company has changed to a method translating into yen based on the average spot rate during the period. The net effect of this change was to increase sales in the "Asia" segment by ¥7,851 thousand and decrease sales in the "Europe" segment by ¥4,825 thousand, and to increase operating profit in the "Asia" segment by ¥78 thousand and in the "Europe" segment by ¥73 thousand, and the "Elimination or corporate" segment by ¥4 thousand, respectively, and to decrease the "Other" segment by ¥68 thousand compared with the amounts based on the previous accounting methods.

c. Overseas sales

From April 1, 2009 to March 31, 2010

	Asia	Europe	Other	Total
I Overseas sales (thousands of yen)	2,331,371	355,386	17,593	2,704,352
II Consolidated sales (thousands of yen)				6,098,088
III Percentage of overseas sales to consolidated sales (%)	38.2	5.8	0.3	44.3

(Notes)

1. Method of classifying geographical segments and countries and regions included in each segment Method of classifying geographical segments: Classified on the basis of geographical proximity Countries and regions included in each segment:

   Asia: Taiwan, China, Philippine and Singapore

   Europe: Germany, Italy, France and Austria

   Other: the United States and Mexico

2. Overseas sales are sales of the Company and its consolidated subsidiaries which were transacted in countries and regions outside of Japan.

3. Changes in accounting policies
   (Change in the translation method for the profit and loss of overseas consolidated subsidiaries)
   As mentioned in 3.(4) of the "Basis of presentation and summary of significant accounting policies for the preparation of consolidated financial statements," the Company previously translated profit and loss of overseas consolidated subsidiaries into yen at the prevailing spot rate at the balance sheet date of the subsidiaries, but from the current consolidated accounting year, the Company has changed to a method translating into yen based on the average spot rate during the period.
   The net effect of this change was to increase sales in the "Asia" segment by ¥7,497 thousand and to decrease sales in the "Europe" segment by ¥4,362 thousand and in the "Other" segment by ¥107 thousand, and to increase consolidated sales by ¥3,026 thousand compared with the amounts based on the previous accounting methods.

d. Segment information

Consolidated fiscal year under review (from April 1, 2010 to March 31, 2011)

1. Overview of reportable segments

   The Company's reportable segments are those for which financial information on the Company's separate units is available and such information is used by the Board of Directors to decide how to allocate management resources and to evaluate achievements. Thus, they are subject to regular reviews.

   The Company's Group mainly manufactures and sells chemicals involved in manufacturing PCBs. The Company is located in Japan. Overseas, it has bases in Taiwan, Hong Kong, China, and Europe (mainly Germany, Italy, and Austria). These are respectively overseen by MEC TAIWAN COMPANY LTD.; MEC (HONG KONG) LTD.; MEC FINE CHEMICAL (ZHUHAI) LTD.; MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD.; and MEC EUROPE N.V.

   Each local corporation is an independent business unit. They formulate comprehensive strategies for each region with regards to the products they handle, and expand their business activities.

   Therefore, the Company's Group consists of segments that are separated on the basis of their regional production and marketing systems. There are five reportable segments: Japan, Taiwan, Hong Kong (Hong Kong, Zhuhai), China (Suzhou), and Europe.

2. The method of accounting treatment used for business segments whose method of calculating sales, profit or loss, assets and amounts of other accounting items is reported by reportable segment is approximately the same as that stated in "Important items that form the basis for preparing consolidated financial statements."
   Figures for the profits at reportable segments are based on operating income (before goodwill amortization).
   Inter-segment revenue and transfers are based on current market prices.

3. Information relating to monetary amounts for sales, profit or loss, assets, liabilities, and accounting items by reportable segment for the prior consolidated fiscal year (April 1, 2009 to March 31, 2010)

(Unit: thousands of yen)

	Reportable segment						Total
	Japan	Taiwan	Hong Kong	China	Europe	Other	
Sales							
Sales to external customers	3,566,407	958,414	534,518	645,713	393,033	—	6,098,088
Intersegment sales and transfers	946,148	1,860	6,738	—	—	—	954,748
Total	4,512,556	960,275	541,257	645,713	393,033	—	7,052,836
Segment profit	105,898	398,614	99,778	178,436	(5,984)	(1,504)	775,239
Segment assets	8,504,766	2,380,025	806,488	1,018,517	317,365	—	13,027,162
Other items							
Depreciation	224,984	42,554	14,550	21,841	25,012	—	328,943
Tangible and intangible fixed assets Increase in assets	254,690	2,654	24,223	6,800	5,925	—-	294,295

Consolidated fiscal year under review (from April 1, 2010 to March 31, 2011)

(Unit: thousands of yen)

	Reportable segment					Total
	Japan	Taiwan	Hong Kong	China	Europe	
Sales						
Sales to external customers	4,170,398	1,008,431	673,355	686,314	511,290	7,049,791
Intersegment sales and transfers	887,715	7,683	1,825	145	—	897,369
Total	5,058,113	1,016,115	675,181	686,459	511,290	7,947,160
Segment profit	140,030	403,381	165,215	181,654	52,809	943,091
Segment assets	8,165,389	2,550,643	783,962	970,901	321,441	12,792,337
Other items						
Depreciation	195,150	33,854	13,495	22,550	16,052	281,102
Tangible and intangible fixed assets Increase in assets	1,938,901	5,182	52,302	26,019	12,504	2,034,909

4. Differences between the total amount at reportable segments and the amount stated in the consolidated financial statements, and main details of such differences (matters concerning reconciliation)

(Unit: thousands of yen)

Sales	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
Total for reportable segments	7,052,836	7,947,160
Intersegment eliminations	(954,748)	(897,369)
Sales stated in the Consolidated Financial Statements	6,098,088	7,049,791

(Unit: thousands of yen)

Profit	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
Total for reportable segments	775,239	943,091
Intersegment eliminations	30,186	(16,368)
Amortization of goodwill	(6,957)	(7,254)
Operating income in the Consolidated Financial Statements	798,468	919,468

(Unit: thousands of yen)

Assets	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
Total for reportable segments	13,027,162	12,792,337
Intersegment eliminations	(2,280,612)	(2,270,924)
Total assets in the Consolidated Financial Statements	10,746,550	10,521,412

(Unit: thousands of yen)

Other items	Total for reportable segments		Adjustment		Amount stated in the consolidated financial statements	
	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
Depreciation	328,943	281,102	(14)	(14)	328,929	281,088
Tangible and intangible fixed assets Increase in fixed assets	294,295	2,034,909	-	-	294,295	2,034,909

e. Related Information

Consolidated fiscal year under review (April 1, 2010 to March 31, 2011)

1. Information by product and by service
   Because there is a single category of products and services, information by product or by service is omitted.
2. Information by region

(1) Sales

(Unit: thousands of yen)

Japan	Taiwan	China	Other	Total
3,973,494	1,004,076	1,363,456	708,764	7,049,791

Note: Net sales to customers are based on location, and are classified by country or region.

(2) Tangible fixed assets

(Unit: thousands of yen)

Japan	Taiwan	Hong Kong	China	Europe	Total
3,476,955	634,207	120,902	271,210	58,471	4,561,748

f. Information on impairment of fixed assets by reportable segment

Consolidated fiscal year under review (April 1, 2010 to March 31, 2011)

(Unit: thousands of yen)

	Japan	Taiwan	Hong Kong	China	Europe	Total
Impairment loss	517,820	—	—	—	—	517,820

g. Information on amortized and unamortized goodwill by reportable segment

Consolidated fiscal year under review (April 1, 2010 to March 31, 2011)

(Unit: thousands of yen)

	Japan	Taiwan	Hong Kong	China	Europe	Total
Amortization for fiscal year under review	—	—	7,254	—	—	7,254
Balance at end of fiscal year under review	—	—	—	—	—	—

h. Information on gain on negative goodwill by reportable segment

Consolidated fiscal year under review (April 1, 2010 to March 31, 2011)

Not applicable.

(Additional information)

Consolidated fiscal year under review (from April 1, 2010 to March 31, 2011)

From the consolidated fiscal year under review, we have been applying "Accounting standards for Disclosure of Segment Information" (ASBJ Statement No. 17; March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20; March 21, 2008).

(Per share information)

Item	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
Net assets per share	¥419.96	¥407.40
Net income per share	¥35.57	¥6.80
	Information of diluted net income per share is omitted because of no issue of potential stocks.	Information of diluted net income per share is omitted because of no issue of potential stocks.

(Note) Calculation of net earnings per share was based on the following numerators and denominators:

Item	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
Net profit (thousands of yen)	713,857	136,571
Amount not available for common shareholders (thousands of yen)	—	—
Net profit available for common stocks (thousands of yen)	713,857	136,571
Weighted-average number of common shares outstanding during the year (shares)	20,071,317	20,071,143

(Important subsequent events)

Not applicable

5. Non-consolidated Financial Statements

(1) Balance Sheet

(Unit: Thousands of yen)

	As of March 31, 2010	As of March 31, 2011
ASSETS		
Current assets		
Cash and deposits	2,758,841	1,317,489
Notes receivable-trade	315,630	299,690
Accounts receivable-trade	1,162,403	1,151,603
Merchandise and finished goods	86,274	96,038
Raw materials and supplies	92,372	102,091
Prepaid expenses	7,417	6,591
Deferred tax assets	111,924	100,767
Accounts recievable-other	341,298	314,078
Other	4,197	6,460
Allowance for doubtful accounts	(5,410)	(14,250)
Total current assets	4,874,951	3,380,560
Noncurrent assets		
Property, plant and equipment :		
Buildings	1,793,286	1,872,539
Accumulated depreciation	(1,037,860)	(1,088,200)
Buildings, net	755,425	784,339
Structures	161,414	164,261
Accumulated depreciation	(119,796)	(124,741)
Structures, net	41,618	39,520
Machinery and equipment	1,138,898	1,080,636
Accumulated depreciation	(910,565)	(877,989)
Machinery and equipment, net	228,332	202,647
Vehicles	52,994	54,733
Accumulated depreciation	(39,442)	(42,665)
Vehicles, net	13,552	12,068
Tools, furniture and fixtures	352,430	372,179
Accumulated depreciation	(292,880)	(310,965)
Tools, furniture and fixtures, net	59,550	61,213
Land	725,036	2,374,036
Construction in progress	439,007	3,504
Total property, plant and equipment	2,262,522	3,477,330
Intangible assets :		
Leasehold right	29,380	29,380
Software	11,100	5,714
Other	2,422	2,338
Total intangible assets	42,902	37,433

(Unit: Thousands of yen)

	As of March 31, 2010	As of March 31, 2011
Investments and other assets :		
Investment securities	530,054	422,246
Stocks of subsidiaries and affiliate	687,983	687,983
Invesrments in capital	55	5
Long-term loans receivable from employees	804	324
Claims provable in bankruptcy, claims provable in rehabilitation and other	59	2,772
Long-term prepaid expenses	1,037	1,403
Deferred tax assets	17,877	72,377
Other	86,578	85,725
Allowance for doubtful accounts	(59)	(2,772)
Total investments and other assets	1,324,389	1,270,065
Total noncurrent assets	3,629,815	4,784,828
Total assets	8,504,766	8,165,389
LIABILITIES		
Current liabilities :		
Notes payable-trade	378,937	384,880
Accounts payable-trade	200,865	173,967
Short-term loans payable	539,950	480,000
Current portion of long-term loans payable to subsidiaries and affiliates		200,000
Accounts payable-other	177,627	142,766
Accrued expenses	37,238	46,796
Income taxes payable	5,949	7,956
Deposits received	15,000	16,205
Provision for bonuses	131,477	151,000
Notes payable-facilities	16,113	122,438
Other	449	251
Total current liabilities	1,503,608	1,726,263
Noncurrent liabilities :		
Long-term loans payable to subsidiaries and affiliates	1,000,000	800,000
Provision for retirement benefits	59,694	99,137
Asset retirement obligations	-	3,276
Other	48,492	49,502
Total noncurrent liabilities	1,108,187	951,916
Total Liabilities	2,611,796	2,678,180

(Unit: Thousands of yen)

	As of March 31, 2010	As of March 31, 2011
NET ASSETS		
Shareholders' equity:		
Capital stock	594,142	594,142
Capital surplus		
Legal capital surplus	446,358	446,358
Total capital surpluses	446,358	446,358
Retained earnings		
Legal retained earnings	63,557	63,557
Other retained earnings		
General reserve	4,300,000	4,500,000
Retained earnings brought forward	496,793	△187,367
Total retained earnings	4,860,351	4,376,190
Treasury stock	(92,740)	-
Total shareholders' equity	5,808,112	5,416,691
Valiation and translation adjustments:		
Valiation difference on available-for-sale securities	84,858	70,517
Total valiation and translation adjustments	84,858	70,517
Total net assets	5,892,970	5,487,209
Total liabilities and net assets	8,504,766	8,165,389

(2) Statement of income

(Unit: Thousands of yen)

	Year ended March 31, 2010 From April 1, 2009 To March 31, 2010	Year ended March 31, 2011 From April 1, 2010 To March 31, 2011
Net Sales		
Net sales of finished goods	3,752,383	4,053,761
Net sales of goods	359,974	607,481
Other sales	400,199	396,871
Total net sales	4,512,556	5,058,113
Costs of sales		
Cost of finished goods sold		
Beginning finished goods	63,265	84,865
Purchase of finished goods	150,845	145,263
Cost of products manufactured	1,343,791	1,402,605
Transfer from other account	3,216	4,196
Total	1,561,119	1,636,930
Finished goods transfer to other account	7,181	9,659
Ending finished goods	84,865	95,605
Cost of finished goods sold	1,469,073	1,531,666
Cost of goods sold		
Begining goods	856	633
Cost of purchased goods	335,737	567,837
Goods transfer to other account		895
Total	336,593	569,367
Goods transfer to other account	11	31
Ending goods	633	433
Cost of goods sold	335,948	568,902
Other cost	229,730	224,468
Cost of sales	2,034,751	2,325,037
Gross profit	2,477,804	2,733,076
Selling,general and adoministrative expenses		
Packing and transportation expenses	257,462	253,202
Provision of allowance for doubtful accounts	-	11,553
Directors' compensations	114,639	129,000
Salaries and bonuses	504,608	544,144
Provision for bonuses	70,072	75,950
Retirement benefit expenses	84,886	73,757
Traveling and transportation expenses	118,720	120,288
Depreciation	43,846	35,275
Reserch and development expenses	788,101	932,260
Consulting expenses	83,389	101,350
Other	306,179	316,261
Selling, general and administrative expenses	2,371,906	2,593,045
Operating income	105,898	140,030

(Unit: Thousands of yen)

	Year ended March 31, 2010 From April 1, 2009 To March 31, 2010	Year ended March 31, 2011 From April 1, 2010 To March 31, 2011
Non-operating income		
Interest income	1,832	144
Dividends income	349,035	317,358
Gain on sales of investment seculities	1,582	18,149
Other	12,652	11,727
Total non-operating income	365,102	347,379
Non-operating expenses：		
Interest expenses	8,265	27,851
Loss on sales of securities	420	-
Loss on valuation of investment securities	574	54,449
Foreign exchange losses	28,090	47,477
Other	4,299	1,874
Total non-operating expenses	41,649	131,653
Ordinary income	429,352	355,756
Extraordinary income：		
Gain on sales of noncurrent assets	13	129
Surrender value of insurance	9,479	1,549
Reversal of allowance for doubtful accounts	7,442	-
Extraordinary income	16,934	1,679
Extraordinary loss:		
Loss on sales of noncurrent assets	1,175	826
Loss on retirement of noncurrent assets	2,480	13,528
Impairment loss	-	517,820
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	2,461
Total extraordinary loss	3,655	534,637
Income (loss) before income taxes	442,631	(177,202)
Income taxes-current	34,000	53,700
Income taxes-deferred	(74,293)	(127)
Total income taxes	(40,293)	53,572
Net income (loss)	482,924	(230,775)

(3) Statements of changes in net assets

(Unit: Thousands of yen)

	Year ended March 31, 2010 From April 1, 2009 To March 31, 2010	Year ended March 31, 2011 From April 1, 2010 To March 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	594,152	594,142
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	594,142	594,142
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	446,358	446,358
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	446,358	446,358
Total capital surplus		
Balance at the end of previous period	446,358	446,358
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	446,358	446,358
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	63,557	63,557
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	63,557	63,557
Other retained earnings		
General reserve		
Balance at the end of previous period	4,300,000	4,300,000
Changes of items during the period		
Provision of general reserve	-	200,000
Total changes of items during the period	-	200,000
Balance at the end of current period	4,300,000	4,500,000
Retained earnings brought forward		
Balance at the end of previous period	254,725	496,793
Balance at the end of current period		
Provision of general reserve	-	(200,000)
Dividends from surplus	(240,856)	(160,569)
Net income (loss)	482,924	(230,775)
Retirement of treasury stock	-	(92,816)
Total changes of items during the period	242,068	(684,161)
Balance at the end of current period	496,793	(187,367)

(Unit: Thousands of yen)

	Year ended March 31, 2010 From April 1, 2009 To March 31, 2010	Year ended March 31, 2011 From April 1, 2010 To March 31, 2011
Total retained earnings		
Balance at the end of previous period	4,618,282	4,860,351
Changes of items during the period		
Provision of general reserve	-	-
Dividends from surplus	(240,856)	(160,569)
Net income (loss)	482,924	(230,775)
Retirement of treasury stock		(92,816)
Total changes of items during the period	242,068	(484,161)
Balance at the end of current period	4,860,351	4,376,190
Treasury stock		
Balance at the end of previous period	(92,677)	(92,740)
Changes of items during the period		
Purchase of treasury stock	(63)	(75)
Retirement of treasury stock		92,816
Total changes of items during the period	(63)	92,740
Balance at the end of current period	(92,740)	-
Total shareholders' equity		
Balance at the end of previous period	5,566,106	5,808,112
Changes of items during the period		
Dividends from surplus	(240,856)	(160,569)
Net income (loss)	482,924	(230,775)
Purchase of treasury stock	(63)	(75)
Retirement of treasury stock		-
Total changes of items during the period	242,005	(391,420)
Balance at the end of current period	5,808,112	5,416,691
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(4,714)	84,858
Changes of items during the period		
Net changes of items other than shareholders' equity	89,572	(14,340)
Total changes of items during the period	89,572	(14,340)
Balance at the end of current period	84,858	70,517
Total valuation and translation adjustments		
Balance at the end of previous period	(4,714)	84,858
Changes of items during the period		
Net changes of items other than shareholders' equity	89,572	(14,340)
Total changes of items during the period	89,572	(14,340)
Balance at the end of current period	84,858	70,517

(Unit: Thousands of yen)

	Year ended March 31, 2010 From April 1, 2009 To March 31, 2010	Year ended March 31, 2011 From April 1, 2010 To March 31, 2011
Total net assets		
Legal capital surplus	5,561,392	5,892,970
Changes of items during the period		
Dividends from surplus	(240,856)	(160,569)
Net income (loss)	482,924	(230,775)
Purchase of treasury stock	(63)	(75)
Retirement of treasury stock	-	-
Net changes of items other than shareholders' equity	89,572	(14,340)
Total changes of items during the period	331,577	(405,761)
Balance at the end of current period	5,892,970	5,487,209

(4) Notes on the premise of a going concern

Not applicable.

6. Other

Conditions of production, orders received and sales

1) Results of production

Results of production by segment for the consolidated fiscal year under review were as follows.

Segment name	From April 1, 2010 to March 31, 2011	
	Amount (thousand yen)	Comparison with the same quarter of the previous year (%)
Japan	1,402,605	104.4
Taiwan	271,883	96.7
Hong Kong (Hong Kong, Zhuhai)	320,056	132.9
China (Suzhou)	354,123	113.5
Europe	154,635	111.0
Total for reportable segments	2,503,304	108.0

Notes:

1. Monetary amounts are manufacturing costs of chemicals for printed circuit boards and are amounts before intracompany transfers between segments.
2. The above figures do not include consumption taxes.

2) Results of orders

The products of the Company's Group are mainly produced for stock replenishment and the percentage of made-to-order products to total sales is negligible. Therefore, figures for orders are omitted.

3) Results of sales

Results of sales by segment for the consolidated fiscal year under review are as follows:

Segment name	From April 1, 2010 to March 31, 2011	
	Amount (thousand yen)	Comparison with the same quarter of the previous year (%)
Japan	4,170,398	116.9
Taiwan	1,008,431	105.2
Hong Kong (Hong Kong, Zhuhai)	673,355	126.0
China (Suzhou)	686,314	106.3
Europe	511,290	130.1
Total for reportable segments	7,049,791	115.6

Notes:

1. Inter-segment transactions have been eliminated.
2. There is no customer for which the Company sells not less than 10% of the total sales amount.
3. The above figures do not include consumption taxes.