Financial Announcement for the Year Ended March 31, 2012 [Japanese Standard] (consolidated)

May 11, 2012

Company Name: MEC COMPANY LTD.
Stock exchange listingTokyo Stock Exchange
Stock Code No. 4971 Company URL http://www.mec-co.com/
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Date of General Meeting of Shareholders (Scheduled)	June 22, 2012	Commencement Date of Dividend Payment (Scheduled)	June 5, 2012
Date of Filing the Financial Report (Scheduled)	June 25, 2012		
Creation of reference materials supplementary to the results:	Yes		
Holding of briefing sessions regarding the results:	Yes (for institutional investors)		

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

1. Consolidated Results for the Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(1) Results of operations

(Percentages represent 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, 2012	6,286	(10.8)	733	(20.3)	686	(21.7)	58	(56.8)
Year ended March 31, 2011	7,049	15.6	919	15.2	877	9.0	136	(80.9)

Note: Comprehensive income for fiscal year ended March 31, 2012:-89 million yen (—%);fiscal year ended March 31, 2011: -91 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, 2012	2.94	—	0.7	6.7	11.7
Year ended March 31, 2011	6.80	—	1.6	8.2	13.0

(Reference) Investment profit or loss according to the equity method:Year ended March 31, 2012: — million yen Year ended March 31, 2011: — 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, 2012	10,052	7,726	76.9	384.95
Year ended March 31, 2011	10,521	8,176	77.7	407.40

(Reference) Shareholder's equity:Year ended March 31, 2012: 7,726 million yen Year ended March 31, 2011: 8,176 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, 2012	767	(700)	(359)	1,817
Year ended March 31, 2011	988	(1,886)	(160)	2,148

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, 2011	—	4.00	—	14.00	18.00	361	264.7	4.4
Year ended March 31, 2012	—	4.00	—	4.00	8.00	160	272.1	2.0
Year ending March 31, 2013 (Estimated)	—	4.00	—	4.00	8.00		34.2	

Note: Breakdown of dividend for year ended March 31, 2011: ordinary dividend 4 yen, commemorative dividend 10 yen.

3. Consolidated Forecast for the Year Ending March 31, 2013 (April 1, 2012 to March 31, 2013)

(Percentages show rates of change that are year-on-year comparisons for the full year and quarter-on-quarter comparisons for the quarter)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q (year to date)	3,150	(4.4)	280	(41.0)	255	(38.5)	130	—	6.48
Full year	6,800	8.2	850	15.9	800	16.5	470	696.9	23.42

* Notes

(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. : No
- (2) Changes other than those of (1): No
- (3) Expected changes to accounting standards: No
- (4) Restatements: No

(3) Number of shares outstanding (Common stock)

1) Number of shares outstanding (including treasury stock) issued as of:	Year ended March 31, 2012	20,071,093 shares	Year ended March 31, 2011	20,071,093 shares
2) Number of shares of treasury stock:	Year ended March 31, 2012	34 shares	Year ended March 31, 2011	0 shares
3) Average number of shares during the period:	Year ended March 31, 2012	20,071,067 shares	Year ended March 31, 2011	20,071,143 shares

* Display on the status of implementation of audit procedures

At the time of disclosing the financial results, auditing procedures on the financial statements are being carried out based on the Financial Instruments and Exchange Law.

* Explanation of appropriate use of earnings forecasts. Other points of note.

The business forecasts and such like stated in this material are based on the information currently available to the Company and certain assumptions that are judged to be rational. Actual results may vary significantly from the forecasts due to various factors. In addition, for matters concerning the above forecasts, please refer to "1. Results of Operations (1) Analysis of results of operations" on page 2 of the attachment.

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1. Results of Operations

(1) Analysis of results of operations

[Outline of the current period]

In the world economy in the consolidated fiscal year under review, owing to factors such as the global economic downturn stemming from monetary and fiscal problems in the euro area, as ever it has proved hard to dispel uncertainty about the future.

In Japan, production and exports had begun picking up from the impact of the Great East Japan Earthquake. However, because of the impact from factors like the flooding in Thailand, the appreciation of the yen, prolonged global economic slowdown, and rising oil prices, a full-fledged economic recovery failed to arrive. The outlook for the economy in this situation remained opaque.

Under these circumstances, the electronics industry saw favorable sales of devices such as smartphones and tablet PCs. However, there have been difficult sales conditions for products such as flat-screen TVs and PCs, and overall no strong demand was observed.

The print circuit board(PCB)industry, including high-density PCBs, has generally been sluggish. As with the electronics industry, overall we have yet to see a clear recovery trend. Companies transferring their production to China and Southeast Asia and the hollowing out of industry in Japan also continued to progress.

Under such circumstances, the Company's Group has poured its efforts into selling and offering technical support for chemicals for high-density PCBs to be sold in overseas markets, mainly China and Southeast Asia. In new product development, we launched 11 new products during the current consolidated fiscal year. In addition, we also promoted continuous improvement of our management structure, such as containing costs and raising operational efficiency.

As a result, total consolidated sales for the consolidated fiscal year under review amounted to 6,286 million yen (down 10.8% year-on-year). We posted a loss on sales as a result of the decrease in sales, and so operating income came to 733 million yen (down 20.3% year on year), and ordinary income was 686 million yen (down 21.7% year on year). In addition, the burden of corporate tax increased owing to factors such as an impairment loss on land held of 57 million yen, and an order to correct our tax system for transfer pricing of 284 million yen. Hence, net income for the period fell sharply to 58 million yen (down 56.8% year-on-year).

[Prospects for the next year]

In regard to the outlook for the next fiscal term, we expect the mild recovery due to the improvement in corporate earnings, but we continue to be in an unpredictable situation due to the monetary and fiscal problems in the euro zone and the impact of foreign exchange rates.

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 PCB 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.

In the PCB industry from the latter half of next year, we expect to see an increase in production due to the economic recovery and recovery of the supply chain, and also the Company's Group expects to see higher sales and profits.

Based on this situation, the full-year consolidated forecasts for the year ending March 31, 2013 (April 1, 2012 to March 31, 2013) are as follows.

	Year ended March 31, 2012 Millions of yen	Year ending March 31, 2013 Millions of yen	Percentage change (%)
Net sales	6,286	6,800	8.2
Operating income	733	850	15.9
Ordinary income	686	800	16.5
Net income	58	470	696.9

Information on risks pertaining to outlooks

Forward-looking statements are based on currently available information and certain assumptions that the Company considers to be reasonable at the moment. Actual results may differ materially from these forward-looking statements owing to various factors.
Of them, the main ones include but are not limited to the following. Risks, uncertainties and other factors are also described in our securities report, so please refer to it for details.

- Rapid changes in the economic conditions in the Japanese and world markets, and in demand for products and services
- Demand trends of the industry
- Supply shortages of raw materials or rises in their prices
- Changes in social infrastructure due to rapid technological change
- Rapid changes in exchange rates
- Movements in the businesses of companies that the Company's Group has tie-ups with or cooperates with
- The possibility of incurring expenses resulting from any defect in our products or services
- Changes in the market value of assets such as land held or investment securities, changes in the appraisal value of deferred tax assets, and changes in other accounting policies
- The occurrence of natural disasters such as earthquakes or floods and other possible elements that could cause confusion in our business activities
- Enforcing of tax systems that potentially could have adverse consequences such as issues with transfer pricing taxation or increases in the corporate tax rate

(2) Analysis relating to the financial situation

[Analysis of the financial situation]

The financial position in the current consolidated fiscal year recorded total assets of 10,052 million yen, a decrease of 468 million yen compared with the previous year. This was mainly due to a decrease in decrease in accounts receivable due to lower sales in Japan. Liabilities were 2,326 million yen, a decrease of 18 million yen from the previous year. Net assets were 7,726 million yen, down 450 million yen year on year due to a decrease in retained earnings because of a payment of dividends. As a result the equity ratio reached 76.9%.

[Analysis of cash flow]

Looking at the financial position in the current consolidated fiscal year, cash and cash equivalents (hereinafter referred to as "cash") fell 330 million yen compared with the previous year to record 1,817 million yen.

Outlines of cash flow conditions and reasons for fluctuations for the current fiscal year are as follows:

(Cash flow from operating activities)

Cash from operating activities amounted to 767 million yen (down 221 million yen year-on-year). This was mainly due to net profit before taxes of 629 million yen, depreciation and amortization of 287 million yen, and a decrease in accounts receivable of 202 million yen, which contributed to the increase in funds. However, the increase in funds was partially offset by factors such as a tax payment of 258 million yen as a result of an order to rectify our transfer pricing system and income tax payments of 268 million yen.

(Cash flow from investment activities)

As a result of investment activities, cash used amounted to 700 million yen (down 1,186 million yen year-on-year). This was mainly due to time deposits that amounted to a net total of 319 million yen and due to a payment of 377 million yen to acquire tangible fixed assets.

(Cash flow from financial activities)

As a result of financing activities, cash used amounted to 359 million yen (up 199 million yen year-on-year). This was mainly due to dividends paid of 359 million yen.

(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 areas such as 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 2012, we will distribute a year-end dividend of ¥4 per share, for a total annual dividend of ¥8 per share combined with the interim dividend paid of ¥4 per share.

For the next fiscal period, given the sense of uncertainty over future economic prospects, we will distribute an interim dividend of ¥4 per share and a year-end dividend of ¥4 per share, for a total annual dividend of ¥8 per share.

(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 PCB manufacturers in Japan. More and more companies in the PCB industry are moving their bases overseas, aiming to cut production costs. As a result, there is decreased production of PCBs 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. Hence, our year-end accounts receivable and such like may be affected by fluctuations in exchange rates.

6 Surging prices of crude oils and raw materials

While inorganic materials are the main materials of chemicals for PCBs, the Group's key products, we use crude oil or copper-based materials as a part of the raw materials. In addition, the Group's chemical products are kept in polyethylene containers, which are significantly affected by crude oil prices.

Although we in the Group 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 in the Group 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 land held

Of the pieces of land owned by the Group, some are currently unused. In the event that their evaluation value falls and an impairment loss on land is recorded in accordance with Accounting Standards Implementation Guidance No. 6, there may be an impact on the earnings and financial condition of the Group.

12 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.

13 Risk of effects of disasters

So that the production activities of the Company's Group is 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, 2011), 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 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 following series of products: direct laser processing DL, HE for etching down, and CA/CB micro-etching agents.

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 and 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, the DL series for pre-processing of via hole drilling of fine wiring, and the PJ series to replace the conventional process for the removal of Pd, 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 and 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, so far 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 or Taiwan, were the mainstream in these regions, we are aware that the Group had not been able to exhibit sufficient sales capabilities.
In recent days, however, technological needs have been increasing also in these regions, and the Group is committed to strengthening sales of chemicals for use in fine and specialty wiring — an area where it can be competitive. 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 has the risk of being strongly affected by the trend of the amount of production in the PCB industry. To reduce the risk mentioned above, we will focus on utilizing the technology we have accumulated so far to develop products that can be applied in new areas, and enhance their selling power. More specifically, while creating a variety of interfaces to develop business areas other than PCBs, we will also contribute to the evolution of mobile devices in the PCB business with products that have a completely new concept.

ii) Strategy for overseas markets
The Company's Group is building a strong sales network that covers the PCB 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 will focus on strengthening our human resources at our overseas bases and enhance our selling power.

iii) Securing 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, overseas markets, and new business area in the future we will strive to secure the necessary employees by hiring people with specialist knowledge and nurturing our staff.

iv) Improving business efficiency
We in the Group expect to see the weight of the business being more and more concentrated overseas. Accompanying that, in order to ensure the efficiency and appropriateness of the overall business, we will introduce people with expert knowledge and strive to eliminate various risks.

4. Consolidated Financial Statements

(1) Consolidated balance sheet

(in thousands of yen)

	Previous fiscal year As of March 31, 2011	Current fiscal year As of March 31, 2012
ASSETS		
Current assets:		
Cash and deposits	2,873,862	2,827,517
Notes and accounts receivable-trade	1,907,656	*2 1,681,216
Merchandise and finished goods	218,376	204,056
Work in process	50,034	28,286
Raw materials and supplies	194,961	201,777
Deferred tax assets	114,406	97,346
Other	43,046	59,848
Allowance for doubtful accounts	(18,656)	(9,272)
Total current assets	5,383,688	5,090,776
Non-current assets:		
Property, plant and equipment		
Buildings and structures	2,728,359	2,791,339
Accumulated depreciation	(1,475,620)	(1,553,250)
Buildings and structures, net	*1 1,252,738	*1 1,238,089
Machinery, equipment and vehicles	1,437,268	1,510,954
Accumulated depreciation	(1,119,322)	(1,152,471)
Machinery, equipment and vehicles, net	*1 317,946	*1 358,482
Tools, furniture and fixtures	559,316	558,054
Accumulated depreciation	(433,130)	(443,902)
Tools, furniture and fixtures, net	126,185	114,152
Land	*1 2,815,259	*1 2,723,504
Construction in progress	49,618	30,289
Total property, plant and equipment	4,561,748	4,464,518
Intangible assets	37,433	47,167
Investments and other assets		
Investment securities	422,246	352,697
Deferred tax assets	-	1,193
Other	120,214	116,778
Allowance for doubtful accounts	(3,918)	(20,444)
Total investments and other assets	538,543	450,224
Total noncurrent assets	5,137,724	4,961,910
Total	10,521,412	10,052,686

(in thousands of yen)

	Previous fiscal year As of March 31, 2011	Current fiscal year As of March 31, 2012
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	583,172	543,005
Short-term loans payable	480,000	480,000
Accounts payable-other	204,098	302,762
Accrued expenses	44,037	44,743
Accrued income taxes	122,070	105,186
Deferred tax liabilities	-	1,354
Reserve for bonuses	151,000	131,525
Provision for directors' bonuses	-	7,200
Other	186,374	142,296
Total current liabilities	1,770,753	1,758,074
Noncurrent liabilities:		
Deferred tax liabilities	368,707	363,566
Provision for retirement benefits	99,137	108,800
Other	105,904	95,971
Total noncurrent liabilities	573,749	568,337
Total	2,344,502	2,326,412
NET ASSETS		
Shareholders' equity:		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	7,780,948	7,478,645
Treasury stock	-	(12)
Total shareholders' equity	8,821,449	8,519,134
Total of other comprehensive income		
Valuation difference on available-for-sale securities	70,517	51,574
Foreign currency translation and adjustment	(715,057)	(844,434)
Total of other comprehensive income	(644,539)	(792,859)
Total net assets	8,176,910	7,726,274
Total liabilities and net assets	10,521,412	10,052,686

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statements of income

(in thousands of yen)

	Previous fiscal year (April 1, 2010 to March 31, 2011)	Current fiscal year (April 1, 2011 to March 31, 2012)
Net sales	7,049,791	6,286,918
Costs of sales	*1 2,945,419	*1 2,443,223
Gross profit	4,104,371	3,843,695
Selling, general and administrative expenses	*2, *3 3,184,902	*2, *3 3,110,462
Operating income	919,468	733,233
Non-operating income		
Interest income	14,514	21,011
Dividends income	7,881	8,831
Gain on sales of investment securities	18,149	-
Other	19,422	14,072
Non-operating income	59,968	43,916
Non-operating expenses		
Interest expenses	4,912	3,707
Provision for doubtful accounts	-	15,100
Loss on valuation of investment securities	54,449	41,328
Foreign exchange losses	32,871	23,791
Other	9,905	6,577
Non-operating expenses	102,138	90,503
Ordinary income	877,298	686,645
Extraordinary income		
Gain on sales of noncurrent assets	*4 1,705	*4 2,204
Surrender value of insurance	1,549	2,744
Extraordinary income	3,254	4,949
Extraordinary loss		
Loss on sales of noncurrent assets	*5 2,067	*5 474
Loss on retirement of noncurrent assets	*6 13,575	*6 4,296
Impairment loss	*7 517,820	*7 57,000
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,568	-
Extraordinary loss	536,032	61,771
Income before income taxes	344,520	629,823
Income taxes-current	234,026	254,774
Tax payment or tax refund arising from correction of tax system and revision order	-	284,663
Income taxes-deferred	(26,077)	31,408
Income taxes	207,949	570,847
Income before minority interests	136,571	58,976
Net income	136,571	58,976

Consolidated statement of income and consolidated statement of comprehensive income

(in thousands of yen)

	Previous fiscal year (April 1, 2010 to March 31, 2011)	Current fiscal year (April 1, 2011 to March 31, 2012)
Income before minority interests	136,571	58,976
Other comprehensive income		
Valuation difference on available for sales securities	(14,340)	(18,943)
Foreign currency translation adjustment	(213,748)	(129,376)
Other comprehensive income	(228,088)	* (148,320)
Comprehensive income	(91,517)	(89,343)
(Breakdown)		
Comprehensive income attributable to owners of the parent	(91,517)	(89,343)
Comprehensive income attributable to minority interests	-	-

(3) Statements of changes in net assets

(in thousands of yen)

	Previous fiscal year (April 1, 2010 to March 31, 2011)	Current fiscal year (April 1, 2011 to March 31, 2012)
Shareholders' equity:		
Capital stock		
Balance at the beginning of current period	594,142	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		
Balance at the beginning of current 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		
Balance at the beginning of current period	7,897,763	7,780,948
Changes of items during the period		
Dividends from surplus	(160,569)	(361,279)
Net income	136,571	58,976
Retirement of treasury stock	(92,816)	-
Total changes of items during the period	(116,814)	(302,303)
Balance at the end of current period	7,780,948	7,478,645
Treasury stock		
Balance at the beginning of current period	(92,740)	-
Changes of items during the period		
Purchase of treasury stock	(75)	(12)
Retirement of treasury stock	92,816	-
Total changes of items during the period	92,740	(12)
Balance at the end of current period	-	(12)
Total shareholders' equity		
Balance at the beginning of current period	8,845,523	8,821,449
Changes of items during the period		
Dividends from surplus	(160,569)	(361,279)
Net income	136,571	58,976
Purchase of treasury stock	(75)	(12)
Total changes of items during the period	(24,073)	(302,315)
Balance at the end of current period	8,821,449	8,519,134

(in thousands of yen)

	Previous fiscal year (April 1, 2010 to March 31, 2011)	Current fiscal year (April 1, 2011 to March 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	84,858	70,517
Changes of items during the period		
Net changes of items other than shareholders' equity	(14,340)	(18,943)
Total changes of items during the period	(14,340)	(18,943)
Balance at the end of current period	70,517	51,574
Foreign currency translation adjustment		
Balance at the beginning of current period	(501,309)	(715,057)
Changes of items during the period		
Net changes of items other than shareholders' equity	(213,748)	(129,376)
Total changes of items during the period	(213,748)	(129,376)
Balance at the end of current period	(715,057)	(844,434)
Accumulated other comprehensive income		
Balance at the beginning of current period	(416,450)	(644,539)
Changes of items during the period		
Net changes of items other than shareholders' equity	(228,088)	(148,320)
Total changes of items during the period	(228,088)	(148,320)
Balance at the end of current period	(644,539)	(792,859)
Total net assets		
Balance at the beginning of current period	8,429,072	8,176,910
Changes of items during the period		
Dividends from surplus	(160,569)	(361,279)
Net income	136,571	58,976
Purchase of treasury stock	(75)	(12)
Net changes of items other than shareholders' equity	(228,088)	(148,320)
Total changes of items during the period	(252,162)	(450,635)
Balance at the end of current period	8,176,910	7,726,274

(4) Consolidated statement of cash flow

(in thousands of yen)

	Previous fiscal year (April 1, 2010 to March 31, 2011)	Current fiscal year (April 1, 2011 to March 31, 2012)
Cash flow from operating activities		
Income before income taxes	344,520	629,823
Depreciation and amortization	281,088	287,154
Impairment loss	517,820	57,000
Increase (decrease) in allowance for doubtful accounts	11,569	7,427
Increase (decrease) in provision for bonuses	19,522	(19,474)
Increase (decrease) in provision for directors' bonuses	-	7,200
Increase (decrease) in provision for retirement benefits	39,442	9,663
Interest and dividends income	(22,396)	(29,843)
Interest expenses	4,912	3,707
Surrender value of insurance	(1,549)	(2,744)
Loss (gain) on valuation of investment securities	54,449	41,328
Stock-right profit	(5,218)	-
Decrease (increase) in notes and accounts receivable-trade	14,727	202,040
Decrease (increase) in inventories	(64,310)	24,159
Increase (decrease) in notes and accounts payable-trade	(16,945)	(32,098)
Other	38,593	77,009
Subtotal	1,216,225	1,262,352
Interest and dividends income received	22,451	29,016
Interest expenses paid	(4,640)	(2,477)
Income tax refund	321	5,447
Income tax paid	(245,500)	(268,709)
Tax payment arising from correction of tax system and revision order	-	(258,270)
Cash flow from operating activities	988,857	767,357
Cash flow from investment activities		
Payments into time deposits	(1,085,129)	(1,884,765)
Proceeds from withdrawal of time deposits	1,117,529	1,565,551
Purchase of property, plant and equipment	(1,938,294)	(377,424)
Proceeds from sales of property, plant and equipment	2,868	2,714
Purchase of intangible assets	-	(11,764)
Purchase from sales of investment securities	(16,123)	(10,390)
Proceeds from sales of investment securities	30,075	-
Proceeds from maturity of insurance funds	3,019	5,780
Other	(695)	9,991
Net cash provided by (used in) investing activities	(1,886,751)	(700,305)
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	-	-
Purchase of treasury stock	(75)	(12)
Cash dividends paid	(160,200)	(359,780)
Cash flow from financial activities	(160,276)	(359,792)
Effect of exchange rate change on cash and cash equivalents	(67,411)	(38,070)
Net increase (decrease) in cash and cash equivalents	(1,125,581)	(330,811)
Cash and cash equivalents at the beginning of the period	3,274,222	2,148,640
Cash and cash equivalents at the end of the period	*1 2,148,640	*1 1,817,828

(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

1 Scope of Consolidation
Number of consolidated subsidiaries: 5
Name of consolidated subsidiaries:
MEC TAIWAN COMPANY LTD.
MEC (HONG KONG) LTD.
MEC FINE CHEMICAL (ZHUHAI) LTD.
MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD.
MEC EUROPE NV.

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.

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 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.)
[2] Derivatives
Stated at the market value method
[3] Basis and method of valuation of inventories
(i) Goods, products (chemicals), raw materials, work in process, 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 method (book price devaluation based on the decrease in profitability of balance sheet values)
(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
[2] Intangible Assets
Intangible assets are amortized using the straight-line method
(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.
[2] Allowance for Bonuses
The Company provides allowance for bonuses for employees and exective officers not directors based on the estimated amount of payment in the current consolidated year.
[3] Provision for directors' bonuses
The Company provides allowance for bonuses for Directors based on the estimated amount of payment in the current consolidated year.

[4] 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.

(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.

(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 for consumption taxes

Consumption taxes are excluded from the revenue and expense accounts which are subject to taxes.

(7) Changes in the presentation of the financial statements

(Consolidated statement of cash flow)

In the previous fiscal year, the items of "Repayment of short-term borrowings" and "Proceeds from short-term borrowings" in "Cash flows from financing activities" were stated as a total. However, to more appropriately show the cash flow situation, the Company has changed to showing it as a net amount from the current fiscal year.

To reflect this change in the display method, we have reclassified the consolidated financial statements of the previous fiscal year.

As a result, the items of "Repayment of short-term borrowings" and "Proceeds from short-term borrowings" in the "Cash flows from financing activities" in the consolidated statements of cash flows of the previous fiscal year are now shown as net amounts and been reclassified to " Increase (decrease) in short-term borrowings."

(8) Additional information

(Application of accounting standards regarding accounting changes and correction of errors)

By correcting the errors and making accounting changes after the beginning of the consolidated fiscal year under review, we have been applying "Accounting Standards for Accounting Changes and Correction of Errors" (ASBJ Statement No. 24; December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Correction of Errors" (ASBJ Guidance No. 24; December 4, 2009).

(9) Notes to Consolidated Financial Statements

(Notes to consolidated balance sheet)

Previous fiscal year As of March 31, 2011	Current fiscal year As of March 31, 2012
*1 Assets pledged in collateral Buildings and structures 21,149 thousand yen Machinery, equipment and vehicles 7,515 thousand yen Land 22,681 thousand yen Total 51,346 thousand yen There is no obligation corresponding to the above pledged assets.	*1 Assets pledged in collateral Buildings and structures 13,080 thousand yen Machinery, equipment and vehicles 5,065 thousand yen Land 21,159 thousand yen Total 39,305 thousand yen There is no obligation corresponding to the above pledged assets.
―――――	*2 Notes maturing at the end of current fiscal year In accounting for notes maturing at the end of the current fiscal year, we process payments using the date of the notes. Please note that because the last day of the fiscal year under review was a holiday for financial institutions, notes maturing on the last day of the next fiscal year are included in the balance of bills on the last day of the fiscal year under review. Notes receivable-trade 19,625 thousand yen

(Notes to consolidated statements of income)

Previous fiscal year
(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 9,733 thousand is included in costs of sales.

*2 Breakdown of selling, general, and administrative expenses:

Salaries and bonuses	747,693 thousand yen
Research and development expenses	932,260 thousand yen
Packing and transportation expenses	352,561 thousand yen
Provision for allowance for bonuses	75,950 thousand yen

*3 Research and development expenses included in general expenses were 932,260 thousand yen.

*4 Breakdown of profit on sale of fixed assets is as follows:

Machinery, equipment and vehicles	1,613 thousand yen
Tools, furniture and fixtures	91 thousand yen
Total	1,705 thousand yen

*5 Breakdown of loss on sale of fixed assets is as follows:

Machinery, equipment and vehicles	1,764 thousand yen
Tools, furniture and fixtures	302 thousand yen
Total	2,067 thousand yen

*6 Breakdown of loss on disposal of fixed assets is as follows:

Buildings and structures	2,868 thousand yen
Machinery, equipment and vehicles	8,369 thousand yen
Tools, furniture and fixtures	669 thousand yen
Construction in progress	1,463 thousand yen
“Other” in investment and other assets	204 thousand yen
Total	13,575 thousand yen

*7 Impairment loss

In the consolidated fiscal year under review, the Company posted an impairment loss of 517,820 thousand yen as an extraordinary loss for the following assets.

Place	Use	Type	Amount
Hyogo Prefecture	Idle assets	Land	472,280 thousand yen
		Construction in progress	45,540 thousand yen

(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.

Current fiscal year
(April 1, 2011 to March 31, 2012)

*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 1,325 thousand yen is included in costs of sales.

*2 Breakdown of selling, general, and administrative expenses:

Salaries and bonuses	821,677 thousand yen
Research and development expenses	696,406 thousand yen
Packing and transportation expenses	308,870 thousand yen
Provision for allowance for bonuses	79,922 thousand yen
Provision for directors' bonuses	7,200 thousand yen

*3 Research and development expenses included in general expenses were 696,406 thousand yen.

*4 Breakdown of profit on sale of fixed assets is as follows:

Machinery, equipment and vehicles	2,204 thousand yen

*5 Breakdown of loss on sale of fixed assets is as follows:

Machinery, equipment and vehicles	237 thousand yen
Tools, furniture and fixtures	236 thousand yen
Total	474 thousand yen

*6 Breakdown of loss on disposal of fixed assets is as follows:

Buildings and structures	115 thousand yen
Machinery, equipment and vehicles	3,946 thousand yen
Tools, furniture and fixtures	207 thousand yen
“Other” in investment and other assets	26 thousand yen
Total	4,296 thousand yen

*7 Impairment loss

In the consolidated fiscal year under review, the Company posted an impairment loss of 57,000 thousand yen as an extraordinary loss for the following assets.

Place	Use	Type	Amount
Hyogo Prefecture	Idle assets	Land	57,000 thousand yen

(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.

(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.

(Matters related to consolidated statement of comprehensive income)

Current fiscal year (April 1, 2011 to March 31, 2012)

* Amount of reclassification adjustment and tax effect amount pertaining to other comprehensive income

Valuation difference on available-for-sale securities	
Amount arising in the current fiscal year under review	(79,939) thousand yen
Amount of reclassification adjustment	41,328
Before income tax effect	(38,611)
Income tax effect	19,668
Valuation difference on available-for-sale securities	(18,943)
Foreign currency translation and adjustment	
Amount arising in the current fiscal year under review	(129,376)
Other comprehensive income	(148,320)

(Matters related to consolidated statement of changes in shareholders' equity)

Previous fiscal year (April 1, 2010 to March 31, 2011)

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

	Number of shares at the beginning of the current 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 decrease of 300,299 shares of common stock was due to the retirement 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
May 25, 2010 Board of directors' meeting	Common stock	80,285	4	March 31, 2010	June 8, 2010
October 29, 2010 Board of directors' meeting	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
May 25, 2011 Board of directors' meeting	Common stock	280,995	Retained earnings	14	March 31, 2011	June 8, 2011

Current fiscal year (April 1, 2011 to March 31, 2012)

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

	Number of shares at the beginning of the current 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	20,071,093	—	—	20,071,093
Total	20,071,093	—	—	20,071,093
Treasury stock				
Common stock	—	34	—	34
Total	—	34	—	34

Note: Treasury stock increased by 34 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
May 25, 2011 Board of directors' meeting	Common stock	280,995	14	March 31, 2011	June 8, 2011
October 31, 2011 Board of directors' meeting	Common stock	80,284	4	September 30, 2011	December 6, 2011

(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
May 23, 2012 Board of directors' meeting	Common stock	80,284	Retained earnings	4	March 31, 2012	June 5, 2012

(Consolidated statement of cash flow)

Previous fiscal year (April 1, 2010 to March 31, 2011)	Current fiscal year (April 1, 2011 to March 31, 2012)
*1 Reconciliation of cash and cash equivalents at the end of the fiscal year with the consolidated balance sheet accounts Cash and deposits 2,873,862 thousand yen Less: Time deposits with maturities extending over three months (725,222 thousand yen) Cash and cash equivalents 2,148,640 thousand yen	*1 Reconciliation of cash and cash equivalents at the end of the fiscal year with the consolidated balance sheet accounts Cash and deposits 2,827,517 thousand yen Less: Time deposits with maturities extending over three months (1,009,688 thousand yen) Cash and cash equivalents 1,817,828 thousand yen
2 Significant non-cash transactions Retirement of treasury stock 92,816 thousand yen	

(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)

Previous fiscal year

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, 2010

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

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 method of amortizing past service liability in this system is to evenly amortize the principal and interest over a period of 13 years, and in the Company's consolidated financial statements for the fiscal year ended March 31, 2012, we are processing cost in the amount of 6,165 thousand yen for special premiums.

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

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

3 Breakdown of retirement benefit obligation

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

4 Basis of calculation of retirement benefit obligation

	Previous fiscal year (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

Current fiscal year

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, 2011

Plan assets	47,907,547 thousand yen
Benefit obligation based on the calculation of pension financing in the scheme	49,265,064 thousand yen
Net amount	(1,357,517 thousand yen)

[2] Percentage of the Company's salaries of the whole scheme (From April 1, 2010 to March 31, 2011) 1.492%

[3] Supplemental information

The net amount in 1) above was mainly due to a surplus of 585,117 thousand yen and a prior service obligation in pension financing of 1,942,634 thousand yen. The method of amortizing past service liability in this system is to evenly amortize the principal and interest over a period of 6 years 4 months, and in the Company's consolidated financial statements for the fiscal year ended March 31, 2012, we are processing cost in the amount of 6,493 thousand yen for special premiums.

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

	Current fiscal year (As of March 31, 2012)
(1) Retirement benefit obligation	(920,735 thousand yen)
(2) Plan assets	710,163 thousand yen
(3) Unfunded projected benefit obligation (1) + (2)	(210,572 thousand yen)
(4) Unrecognized actuarial gain and loss	12,074 thousand yen
(5) Unrecognized prior service cost	89,697 thousand yen
(6) Provision for retirement benefits	(108,800 thousand yen)

3 Breakdown of retirement benefit obligation

	Current fiscal year (As of March 31, 2012)
(1) Service cost	77,864 thousand yen
(2) Interest cost on projected benefit obligations	16,858 thousand yen
(3) Expected return on plan assets	(9,361 thousand yen)
(4) Actuarial gain and loss	12,303 thousand yen
(5) Amortization of prior service cost	18,883 thousand yen
Subtotal	116,548 thousand yen
(6) Contribution to Employees' Pension Fund	33,594 thousand yen
(7) Contribution to defined contribution plans of consolidated subsidiaries	15,361 thousand yen
Total retirement benefit obligation	165,504 thousand yen

4 Basis of calculation of retirement benefit obligation

	Current fiscal year (As of March 31, 2012)
(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)

Previous fiscal year (As of March 31, 2011)

1 Breakdown of deferred tax assets and deferred tax liabilities by major causes of occurrence:

Current Assets

(Deferred tax assets)	
Allowance for bonuses	61,351 thousand yen
Social insurance premiums	7,661 thousand yen
Unrealized income on inventory assets	13,068 thousand yen
Carry forward of foreign tax credits	23,700 thousand yen
Other	8,624 thousand yen
Total deferred tax assets	114,406 thousand yen

Fixed Assets

(Deferred tax assets)	
Unpaid directors' retirement benefits	17,296 thousand yen
Allowance for retirement benefit	40,279 thousand yen
Sales promotion expenses	12,659 thousand yen
Carry forward of foreign tax credits	163,300 thousand yen
Impairment loss	193,529 thousand yen
Other	12,001 thousand yen
Subtotal	439,065 thousand yen
Valuation allowance	(317,590 thousand yen)
Total deferred tax assets	121,475 thousand yen
(Deferred tax liabilities)	
Valuation difference on available-for-sale securities	47,779 thousand yen
Retained earnings of overseas subsidiaries	442,008 thousand yen
Other	394 thousand yen
Total deferred tax liabilities	490,182 thousand yen
Deferred tax liabilities, net	368,707 thousand yen

Current fiscal year (As of March 31, 2012)

1 Breakdown of deferred tax assets and deferred tax liabilities by major causes of occurrence:

(Current assets)

Deferred tax assets	
Allowance for bonuses	49,927 thousand yen
Social insurance premiums	7,001 thousand yen
Carry forward of foreign tax credits	27,300 thousand yen
Other	14,624 thousand yen
Total deferred tax assets	98,853 thousand yen
Deferred tax liabilities	
Foreign exchange gains regarding overseas subsidiaries	1,984 thousand yen
Other	877 thousand yen
Total deferred tax liabilities	2,861 thousand yen
Total deferred tax assets, net	95,991 thousand yen

The total net amount of deferred tax assets of 95,991 thousand yen are included in the following items in the consolidated balance sheet.

Current assets - deferred tax assets	97,346 thousand yen
Current liabilities - deferred tax liabilities	1,354 thousand yen

(Fixed Assets)

Deferred tax assets	
Unpaid directors' retirement benefits	15,150 thousand yen
Allowance for retirement benefits	38,722 thousand yen
Sales promotion expenses	4,403 thousand yen
Carry forward of foreign tax credits	120,900 thousand yen
Impairment loss	189,808 thousand yen
Other	10,519 thousand yen
Subtotal	379,504 thousand yen
Valuation allowance	(289,998 thousand yen)
Total deferred tax assets	89,506 thousand yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	28,110 thousand yen
Retained earnings of overseas subsidiaries	423,572 thousand yen
Other	195 thousand yen
Total deferred tax liabilities	451,878 thousand yen
Deferred tax liabilities, net	362,372 thousand yen

The total net amount of deferred tax assets of 362,372 thousand yen is included in the following items in the consolidated balance sheet.

Fixed assets - deferred tax assets	1,193 thousand yen
Fixed liabilities - deferred tax liabilities	363,566 thousand yen

Previous fiscal year (As of March 31, 2011)

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%
(Reconciliation)	
Permanent difference including entertainment and social expenses	0.7%
Inhabitant tax on per capita basis	0.4%
Special tax deductions on research and development costs	(2.2%)
Foreign tax deductions	9.6%
Foreign tax credit	(3.0%)
Taxable income retained in overseas subsidiaries	3.8%
Retained earnings of overseas subsidiaries	(6.2%)
Valuation allowance	66.7%
Differences from overseas taxation	(50.1%)
Other	0.1 %
Rates of income taxes after application of deferred tax accounting	60.4%

———

Current fiscal year (As of March 31, 2012)

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%
(Reconciliation)	
Permanent difference including entertainment and social expenses	0.9%
Inhabitant tax on per capita basis	0.2%
Foreign tax deductions	7.6%
Foreign tax credit	9.8%
Decrease in deferred tax assets due to tax rate changes	6.2%
Effect of revision to income taxes for prior periods	44.8%
Retained earnings of overseas subsidiaries	(2.1%)
Increase (decrease) in valuation	(4.9%)
Unrecognized deferred tax asset or liability relating to unrealized profit	4.2%
Differences from overseas taxation	(22.8%)
Other	6.1%
Rates of income taxes after application of deferred tax accounting	90.6%

3. Revision to the amount of deferred tax assets and deferred tax liabilities due to changes in the tax rate for income taxes

The "Act for Partial Revision of the Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake" (Act No. 117 of 2011) have been promulgated since December 2, 2011. Accordingly, the reduction of the corporate tax rate and the imposition of special corporate tax for reconstruction are to be applied for fiscal years beginning on or after April 1, 2012. As a result, although the statutory tax rate used to calculate the deferred tax assets and deferred tax liabilities was conventionally 40.6%, the expected cancellation from a temporary difference is 38.0% from fiscal years beginning on or after April 1, 2012 until those beginning on April 1, 2014; and is 35.6% for fiscal years beginning on or after April 1, 2015.

As a result of this tax rate change, the amount of deferred tax assets (the amount after deducting the amount of deferred tax liabilities) will decrease by 2,081 thousand yen, income taxes-deferred will increase 6,062 thousand yen and unrealized securities will increase 3,980 thousand yen.

(Segment information)

a. Information by operating segment

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 NV. 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. Method of calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

The method of accounting treatment used for reportable business segments is approximately the same as that stated in "Basis of preparation and summary of significant accounting policies for the preparation of 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. Method of calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

Previous fiscal year (April 1, 2010 to March 31, 2011)

(in thousands of yen)

	Reportable segment					Total
	Japan	Taiwan	Hong Kong	China	Europe	
Net sales						
Sales to external customers	4,170,398	1,008,431	673,355	686,314	511,290	7,049,791
Inter-segment 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 and amortization	195,150	33,854	13,495	22,550	16,052	281,102
Increase in property, plant and equipment and intangible assets	1,938,901	5,182	52,302	26,019	12,504	2,034,909

Current fiscal year (April 1, 2011 to March 31, 2012)

(in thousands of yen)

	Reportable segment					Total
	Japan	Taiwan	Hong Kong	China	Europe	
Net sales						
Sales to external customers	3,571,748	978,298	586,206	583,887	566,778	6,286,918
Inter-segment sales and transfers	768,659	15,839	489	2,729	-	787,717
Total	4,340,408	994,138	586,695	586,616	566,778	7,074,636
Segment profit	47,321	371,796	114,099	180,677	56,116	770,011
Segment assets	8,737,129	2,583,281	874,321	993,095	355,410	13,543,238
Other items						
Depreciation and amortization	191,612	40,229	16,239	22,619	16,467	287,169
Increase in property, plant and equipment and intangible assets	154,995	65,298	70,592	19,109	8,523	318,519

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)

(in thousands of yen)

Net sales	Previous fiscal year	Current fiscal year
Reportable segment total	7,947,160	7,074,636
Intersegment eliminations	(897,369)	(787,717)
Sales stated in the Consolidated Financial Statements	7,049,791	6,286,918

(in thousands of yen)

Profit	Previous fiscal year	Current fiscal year
Reportable segment total	943,091	770,011
Intersegment eliminations	(16,368)	(36,778)
Amortization of goodwill	(7,254)	-
Operating income in the Consolidated Financial Statements	919,468	733,233

(in thousands of yen)

Assets	Previous fiscal year	Current fiscal year
Reportable segment total	12,792,337	13,543,238
Intersegment eliminations	(2,270,924)	(3,490,552)
Total assets in the Consolidated Financial Statements	10,521,412	10,052,686

(in thousands of yen)

Other items	Reportable segment total		Adjustment		Amount stated in the Consolidated Financial Statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation and amortization	281,102	287,169	(14)	(14)	281,088	287,154
Increase in property, plant and equipment and intangible assets	2,034,909	318,519	-	-	2,034,909	318,519

b. Related Information

Previous fiscal year (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 geographical segment

(1) Net sales

(in 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

(in thousands of yen)

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

3. Information on each major customer

Of sales to external customers, because there is no destination for 10% or more of net sales in the consolidated statements of income, the statement of such has been omitted in this material.

Current fiscal year (April 1, 2011 to March 31, 2012)

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 geographical segment

(1) Net sales

(in thousands of yen)

Japan	Taiwan	China	Other	Total
3,324,530	976,260	1,170,793	815,334	6,286,918

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

(2) Tangible fixed assets

(in thousands of yen)

Japan	Taiwan	Hong Kong	China	Europe	Total
3,364,563	611,134	173,343	267,325	48,151	4,464,518

3. Information on each major customer

Of sales to external customers, because there is no destination for 10% or more of net sales in the consolidated statements of income, the statement of such has been omitted in this material.

c. Information on impairment of fixed assets by reportable segment

Previous fiscal year (April 1, 2010 to March 31, 2011)

(in thousands of yen)

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

Current fiscal year (April 1, 2011 to March 31, 2012)

(in thousands of yen)

	Japan	Taiwan	Hong Kong	China	Europe	Total
Impairment loss	57,000	-	-	-	-	57,000

d. Information on amortized and unamortized goodwill by reportable segment

Previous fiscal year (April 1, 2010 to March 31, 2011)

(in thousands of yen)

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

Current fiscal year (April 1, 2011 to March 31, 2012)

N/A

e. Information on gain on negative goodwill by reportable segment

Previous fiscal year (April 1, 2010 to March 31, 2011)

N/A

Current fiscal year (April 1, 2011 to March 31, 2012)

N/A

(Per share information)

Item	Previous fiscal year (April 1, 2010 to March 31, 2011)	Current fiscal year (April 1, 2011 to March 31, 2012)
Net assets per share	407.40 yen	384.95 yen
Net income per share	6.80 yen	2.94 yen
	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.

	Previous fiscal year (April 1, 2010 to March 31, 2011)	Current fiscal year (April 1, 2011 to March 31, 2012)
Net income (thousands of yen)	136,571	58,976
Amount not available for common shareholders (thousands of yen)	-	-
Net profit available for common stocks (thousands of yen)	136,571	58,976
Weighted-average number of common shares outstanding during the year (shares)	20,071,143	20,071,067

(Important subsequent events)

N/A

5. Non-consolidated Financial Statements

(1) Balance Sheet

(in thousands of yen)

	Previous fiscal year (March 31, 2011)	Current fiscal year (March 31, 2012)
ASSETS		
Current assets		
Cash and deposits	1,317,489	1,090,722
Notes receivable-trade	299,690	214,058
Accounts receivable-trade	1,151,603	994,895
Merchandise and finished goods	96,038	87,395
Raw materials and supplies	102,091	116,163
Prepaid expenses	6,591	16,074
Deferred tax assets	100,767	89,678
Accounts receivable-other	314,078	1,555,071
Other	6,460	6,075
Allowance for doubtful accounts	(14,250)	(5,010)
Total current assets	3,380,560	4,165,125
Noncurrent assets:		
Property, plant and equipment		
Buildings	1,872,539	1,885,625
Accumulated depreciation	(1,088,200)	(1,141,172)
Buildings, net	784,339	744,452
Structures	164,261	164,261
Accumulated depreciation	(124,741)	(129,563)
Structures, net	39,520	34,698
Machinery and equipment	1,080,636	1,127,737
Accumulated depreciation	(877,989)	(942,237)
Machinery and equipment, net	202,647	185,500
Vehicles	54,733	52,446
Accumulated depreciation	(42,665)	(42,872)
Vehicles, net	12,068	9,573
Tools, furniture and fixtures	372,179	375,769
Accumulated depreciation	(310,965)	(330,687)
Tools, furniture and fixtures, net	61,213	45,082
Land	2,374,036	2,317,036
Construction in progress	3,504	28,248
Total property, plant and equipment	3,477,330	3,364,592
Intangible assets:		
Leasehold right	29,380	29,380
Software	5,714	15,533
Other	2,338	2,254
Total intangible assets	37,433	47,167

(in thousands of yen)

	Previous fiscal year (March 31, 2011)	Current fiscal year (March 31, 2012)
Investments and other assets		
Investment securities	422,246	352,697
Stocks of subsidiaries and affiliate	687,983	687,983
Investments in capital	5	5
Long-term loans receivable from employees	324	-
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,772	17,897
Long-term prepaid expenses	1,403	1,255
Deferred tax assets	72,377	60,106
Other	85,725	58,197
Allowance for doubtful accounts	(2,772)	(17,897)
Total investments and other assets	1,270,065	1,160,243
Total noncurrent assets	4,784,828	4,572,004
Total assets	8,165,389	8,737,129
LIABILITIES		
Current liabilities:		
Notes payable-trade	384,880	336,699
Accounts payable-trade	173,967	136,409
Short-term loans payable	480,000	480,000
Current portion of long-term loans payable to subsidiaries and affiliates	200,000	996,429
Accounts payable-other	142,766	191,618
Accrued expenses	46,796	47,489
Income taxes payable	7,956	35,670
Deposits received	16,205	22,951
Provision for bonuses	151,000	131,525
Provision for directors' bonuses	-	7,200
Notes payable-facilities	122,438	26,213
Other	251	3,471
Total current liabilities	1,726,263	2,415,678
Noncurrent liabilities:		
Current portion of long-term loans payable to subsidiaries and affiliates	800,000	-
Provision for retirement benefits	99,137	108,800
Asset retirement obligations	3,276	3,327
Other	49,502	49,512
Total noncurrent liabilities	951,916	161,640
Total Liabilities	2,678,180	2,577,319

(in thousands of yen)

	Previous fiscal year (March 31, 2011)	Current fiscal year (March 31, 2012)
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	4,500,000	3,900,000
Retained earnings brought forward	(187,367)	1,104,190
Total retained earnings	4,376,190	5,067,747
Treasury stock	-	(12)
Total shareholders' equity	5,416,691	6,108,235
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	70,517	51,574
Total valuation and translation adjustments	70,517	51,574
Total net assets	5,487,209	6,159,810
Total liabilities and net assets	8,165,389	8,737,129

(2) Statement of income

(in thousands of yen)

	Previous fiscal year (April 1, 2010 to March 31, 2011)	Current fiscal year (April 1, 2011 to March 31, 2012)
Net sales		
Net sales of finished goods	4,053,761	3,715,947
Net sales of goods	607,481	344,318
Other sales	396,871	280,141
Total net sales	5,058,113	4,340,408
Cost of sales		
Cost of finished goods sold		
Beginning finished goods	84,865	95,605
Purchase of finished goods	145,263	158,660
Cost of products manufactured	1,402,605	1,244,544
Transfer from other account	4,196	8,688
Total	1,636,930	1,507,497
Finished goods transfer to other account	9,659	16,177
Ending finished goods	95,605	85,195
Cost of finished goods sold	1,531,666	1,406,124
Cost of goods sold		
Beginning goods	633	433
Purchase of goods	567,837	321,778
Goods transfer from other account	895	173
Total	569,367	322,385
Goods transfer to other account	31	-
Ending goods	433	-
Cost of goods sold	568,902	322,385
Other cost	224,468	103,676
Total cost of sales	2,325,037	1,832,186
Gross profit	2,733,076	2,508,221
Selling, general and administrative expenses		
Packing and transportation expenses	253,202	218,214
Provision of allowance for doubtful accounts	11,553	(8,882)
Directors' compensations	129,000	95,970
Salaries and bonuses	544,144	612,741
Provision for bonuses	75,950	79,922
Provision for directors' bonuses	-	7,200
Retirement benefit expenses	73,757	86,102
Traveling and transportation expenses	120,288	136,344
Depreciation and amortization	35,275	31,147
Research and development expenses	932,260	696,406
Consulting expenses	101,350	117,807
Other	316,261	387,923
Total selling, general and administrative expenses	2,593,045	2,460,899

(in thousands of yen)

	Previous fiscal year (April 1, 2010 to March 31, 2011)	Current fiscal year (April 1, 2011 to March 31, 2012)
Operating income	140,030	47,321
Non-operating income		
Interest income	144	102
Dividends income	317,358	1,563,537
Gain on sales of investment securities	18,149	-
Other	11,727	9,480
Total non-operating income	347,379	1,573,121
Non-operating expenses:		
Interest expenses	27,851	25,784
Provision of allowance for doubtful accounts	-	15,100
Loss on valuation of investment securities	54,449	41,328
Foreign exchange losses	47,477	25,178
Other	1,874	258
Total non-operating expenses	131,653	107,650
Ordinary income	355,756	1,512,792
Extraordinary income:		
Gain on sales of noncurrent assets	129	84
Surrender value of insurance	1,549	2,744
Total extraordinary income	1,679	2,828
Extraordinary loss:		
Loss on sales of noncurrent assets	826	237
Loss on retirement of noncurrent assets	13,528	4,254
Impairment loss	517,820	57,000
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,461	-
Total extraordinary loss	534,637	61,492
Income (loss) before income taxes	(177,202)	1,454,129
Income taxes-current	53,700	73,600
Tax payment or tax refund arising from correction of tax system and revision order	-	284,663
Income taxes-deferred	(127)	43,028
Total income taxes	53,572	401,292
Net income (loss)	(230,775)	1,052,836

(3) Statements of changes in net assets

(in thousands of yen)

	Previous fiscal year (April 1, 2010 to March 31, 2011)	Current fiscal year (April 1, 2011 to March 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	594,142	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 beginning of current 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 surpluses		
Balance at the beginning of current 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 beginning of current 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 beginning of current period	4,300,000	4,500,000
Changes of items during the period		
Provision of general reserve	200,000	(600,000)
Total changes of items during the period	200,000	(600,000)
Balance at the end of current period	4,500,000	3,900,000
Retained earnings brought forward		
Balance at the beginning of current period	496,793	(187,367)
Changes of items during the period		
Provision of general reserve	(200,000)	600,000
Dividends from surplus	(160,569)	(361,279)
Net income (loss)	(230,775)	1,052,836
Retirement of treasury stock	(92,816)	-
Total changes of items during the period	(684,161)	1,291,557
Balance at the end of current period	(187,367)	1,104,190

(in thousands of yen)

	Previous fiscal year (April 1, 2010 to March 31, 2011)	Current fiscal year (April 1, 2011 to March 31, 2012)
Total retained earnings		
Balance at the beginning of current period	4,860,351	4,376,190
Changes of items during the period		
Provision of general reserve	-	-
Dividends from surplus	(160,569)	(361,279)
Net income (loss)	(230,775)	1,052,836
Retirement of treasury stock	(92,816)	-
Total changes of items during the period	(484,161)	691,557
Balance at the end of current period	4,376,190	5,067,747
Treasury stock		
Balance at the beginning of current period	(92,740)	-
Changes of items during the period		
Purchase of treasury stock	(75)	(12)
Retirement of treasury stock	92,816	-
Total changes of items during the period	92,740	(12)
Balance at the end of current period	-	(12)
Total shareholders' equity		
Balance at the beginning of current period	5,808,112	5,416,691
Changes of items during the period		
Dividends from surplus	(160,569)	(361,279)
Net income (loss)	(230,775)	1,052,836
Purchase of treasury stock	(75)	(12)
Total changes of items during the period	(391,420)	691,544
Balance at the end of current period	5,416,691	6,108,235
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	84,858	70,517
Changes of items during the period		
Net changes of items other than shareholders' equity	(14,340)	(18,943)
Total changes of items during the period	(14,340)	(18,943)
Balance at the end of current period	70,517	51,574
Total valuation and translation adjustments		
Balance at the beginning of current period	84,858	70,517
Changes of items during the period		
Net changes of items other than shareholders' equity	(14,340)	(18,943)
Total changes of items during the period	(14,340)	(18,943)
Balance at the end of current period	70,517	51,574

(in thousands of yen)

	Previous fiscal year (April 1, 2010 to March 31, 2011)	Current fiscal year (April 1, 2011 to March 31, 2012)
Total net assets		
Balance at the beginning of current period	5,892,970	5,487,209
Changes of items during the period		
Dividends from surplus	(160,569)	(361,279)
Net income (loss)	(230,775)	1,052,836
Purchase of treasury stock	(75)	(12)
Net changes of items other than shareholders' equity	(14,340)	(18,943)
Total changes of items during the period	(405,761)	672,601
Balance at the end of current period	5,487,209	6,159,810

(4) Notes on the premise of a going concern

N/A.

6. Other

(1) 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	Current fiscal year (April 1, 2011 to March 31, 2012)	
	Amount (thousand yen)	Comparison with the previous year (%)
Japan	1,244,544	88.7
Taiwan	366,065	134.6
Hong Kong (Hong Kong, Zhuhai)	260,614	81.4
China (Suzhou)	247,032	69.8
Europe	167,657	108.4
Total for reportable segments	2,285,914	91.3

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	Current fiscal year (April 1, 2011 to March 31, 2012)	
	Amount (thousand yen)	Comparison with the previous year (%)
Japan	3,571,748	85.6
Taiwan	978,298	97.0
Hong Kong (Hong Kong, Zhuhai)	586,206	87.1
China (Suzhou)	583,887	85.1
Europe	566,778	110.9
Total for reportable segment	6,286,918	89.2

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.

(2) Transfer of Directors

[1] Change of Representative Director
N/A

[2] Change of Other Directors

- Candidates for New Directors (Outside Directors)
  Takayuki SATAKE, Director

- Scheduled to retire from post of Director
  Norikazu UCHINO, Director and Senior Executive Operating Officer (scheduled to be appointed as Advisor)

- Candidate for New Auditor (Outside Auditor)
  Katsuhiro MAEDA, Full-time Auditor
  Akiko TANAKA, Auditor

- Scheduled to retire from the post of Auditor
  Masato FUJIYAMA, Full-time Auditor
  Shin HATTA, Auditor

- Transfer of Directors
  Hirofumi NISHIKAWA, Director and Executive Operating Officer (currently Outside Director)

[3] Scheduled date of transfer
June 22, 2012