

Financial Results for the 1st Quarter of the Year Ending March 31, 2008

July 27, 2007

Company Name: MEC COMPANY LTD. Stock exchange listing: 1st Section of TSE
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(Amounts of less than one million yen have been disregarded.)

1 . Consolidated Results for the 1st Quarter of the Year Ending March 31, 2008 (From April 1, 2007 to June 30, 2007)

(1) Results of Operations

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of yen	Change (%)	Millions of yen	Change (%)	Millions of yen	Change (%)	Millions of yen	Change (%)
Three months ending June 30, 2007	2,097	8.2	484	-3.0	504	3.2	353	6.4
Three months ending June 30, 2006	1,939	31.7	498	82.8	488	63.5	331	55.2
Year ending March 31, 2007	7,823	-	1,784	-	1,800	-	1,184	-

	Net income per share	Diluted income per share
	Yen	Yen
Three months ending June 30, 2007	17.34	-
Three months ending June 30, 2006	16.30	-
Year ending March 31, 2007	58.13	-

(2) Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
June 30, 2007	10,844	8,029	74.0	394.15
June 30, 2006	9,616	7,025	73.1	344.89
March 31, 2007	10,530	7,831	74.4	384.42

(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
Three months ending June 30, 2007	332	-403	-163	2,789
Three months ending June 30, 2006	-	-	-	-
Year ending March 31, 2007	1,469	-821	-385	3,033

6 . Non-consolidated Forecast for the Year Ending March 31, 2008 (From April 1, 2007 to March 31, 2008)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	Change %	Millions of yen	Change %	Millions of yen	Change %	Millions of yen	Change %	Yen
Interim period	2,997	9.7	351	-20.2	332	-24.1	219	-21.7	10.77
Full year	6,074	11.1	844	5.4	1,005	0.2	665	0.2	32.68

* Explanation relating to appropriate application of the business forecast

The business forecast is prepared, based on information available as of the day of announcement of these data.

It is possible that actual business performance may differ from the business forecast due to various factors.

【Qualitative Information and Financial Statements】

1 . Consolidated Results of Operations

The world economy in the first quarter of fiscal 2007 has been sailing comparatively smoothly supported by active investment in corporate facilities and enlarging economies in newly emerging countries, though remaining unchanged are the concerns about the rising cost of energy and natural resources and price hike of raw materials.

In electronic equipment-related areas, inventory adjustment that started in the latter half of last year has continued in the present first quarter. The prospect of the electronic substrate industry for coming quarters is unclear in the foggy climate brought about by the effect of ongoing inventory adjustment and the price hike of raw materials.

Under such circumstances, our group companies have concentrated efforts on the development of new products and sales promotion of chemicals for general-purpose multilayer PCBs. In the present first quarter, we have developed three new products and have submitted 11 new applications for patent. In the marketing area, our sales have been affected by the inventory adjustment of substrates for semiconductor packages, but have been able to achieve a slight increase in CZ-series super-roughening agent for high-density substrates over the corresponding period of a year earlier. On the other hand, we have been successful in expanding the sales for general-purpose multilayer PCBs that apply our new products.

As the result of the above, consolidated sales for the first quarter have reached 2,097 million yen (up 8.2% from the previous year). Consolidated operating income has been 484 million yen, down 3.0% from the previous year; consolidated ordinary income, 504 million yen, up 3.2% from a year earlier; and consolidated net income, 353 million yen, up 6.4% from a year earlier.

2 . Consolidated Financial Positions

The assets section total has amounted to 10,844 million yen, up 313 million yen from the end of the previous consolidation accounting fiscal year, the increase being mainly contributed to by investment account security, which has shown an increase of 259 million yen.

The liability section has totaled 2,814 million yen, up 115 million yen from a year earlier in which the item of trade notes and accounts payable is the major contributor with an increase of 104 million yen.

The net assets section as compared with a year earlier has increased mainly by 169 million yen of the retained earnings and by 67 million yen of the other differences from securities revaluation, to reach a total of 8,029 million yen, a total increase of 198 million yen from the previous year.

In consequence, the equity ratio has decreased to 74.0%, down 0.4 points from the previous consolidated accounting fiscal year.

3 . Consolidated Business Forecasts

As for our company's business forecast, please refer to our announcement of May 14, 2007.

4 . Others

(1) Changes of major subsidiaries companies during the period (Change of specific subsidiary companies

that involve changes in the scope of consolidated)

No applicable items.

(2) Rules for Preparation of Quarterly Consolidated Financial Statements

Quarterly consolidated financial statements are to be prepared pursuant to the rules applied to the preparation of interim consolidated financial results.

(3) Adoption of Concise Accounting Procedures

Corporate and other related taxes are to be calculated by using annualized projected tax rates on the basis of legal effective tax rates.

(4) Changes in Accounting Procedures from the Previous Procedures

No applicable items.

(5) Involvement of Certified Public Accountants

No applicable items.

(1) Consolidated Balance Sheets

Item	Term	As of June 30, 2006		As of June 30, 2007		Increase-decrease		As of March 31, 2007		
		Amount	Composit ion ratio %	Amount	Composit ion ratio %	Amount	RC	Amount	Composit ion ratio %	
(Assets)		1,000 yen	%	1,000 yen	%	1,000 yen	%	1,000 yen	%	
Current assets										
1 Cash and deposits		3,369,057		3,397,285				3,591,240		
2 Trade notes receivable and Accounts receivable		2,258,124		2,339,169				2,142,442		
3 Marketable securities		50,000		50,000				50,000		
4 Inventory		391,444		494,772				495,312		
5 Deferred tax assets		103,944		103,586				118,610		
6 Others		61,489		72,501				58,442		
Allowance for doubtful		15,468		10,537				12,831		
Total current assets		6,218,591	64.7	6,446,778	59.4	228,186	3.7	6,443,216	61.2	
Fixed assets										
1 Tangible fixed assets										
(1) Building and structures		1,003,518		1,032,277				1,046,263		
(2) Machinery and devices		429,501		456,660				467,311		
(3) Land		755,039		1,294,701				1,306,678		
(4) Others		262,786		415,660				317,165		
Total tangible fixed assets		2,450,845	25.4	3,199,300	29.5	748,455	30.5	3,137,417	29.8	
2 Intangible fixed assets										
(1) Goodwill		39,736		25,866				27,531		
(2) Others		81,359		67,040				71,446		
Total intangible fixed assets		121,096	1.3	92,907	0.9	28,188	23.3	98,978	0.9	
3 Invest and other assets										
(1) Investment securities		577,057		861,050				601,616		
(2) Others		279,918		267,508				270,763		
Allowance for doubtful		31,128		23,306				21,574		
Total investment and other assets		825,848	8.6	1,105,252	10.2	279,403	33.8	850,805	8.1	
Total fixed assets		3,397,789	35.3	4,397,459	40.6	999,670	29.4	4,087,201	38.8	
Total assets		9,616,380	100.0	10,844,237	100.0	1,227,857	12.8	10,530,418	100.0	

Item	Term	As of June 30, 2006		As of June 30, 2007		Increase-decrease		As of March 31, 2007		
		Amount	Composit ion ratio %	Amount	Composit ion ratio %	Amount	RC	Amount	Composit ion ratio %	
		1,000 yen	%	1,000 yen	%	1,000 yen	%	1,000 yen	%	
(LIABILITY)										
Current liabilities										
1	Trade notes payable and Accounts payable	765,989		885,027				780,128		
2	Short-term borrowings	275,723		130,000				130,000		
3	Current portion of long-term borrowings	—		400,000				400,000		
4	Accrued corporate tax, etc.	244,479		237,918				317,335		
5	Reserve for bonuses	194,976		209,809				127,475		
6	Reserve for bonuses to officers	5,400		5,500				21,406		
7	Others	334,381		455,690				497,611		
	Total current liabilities	1,820,949	18.9	2,323,945	21.5	502,996	27.6	2,273,956	21.6	
Fixed liabilities										
1	Long-term borrowing	400,000		—				—		
2	Deferred tax liabilities	267,536		386,127				321,520		
3	Others	102,044		104,829				103,830		
	Total fixed liabilities	769,581	8.0	490,956	4.5	278,624	36.2	425,350	4.0	
	Total liabilities	2,590,530	26.9	2,814,902	26.0	224,371	8.7	2,699,307	25.6	
(NET ASSETS)										
Shareholders' equity										
1	Capital stock	594,142	6.2	594,142	5.5	—	—	594,142	5.6	
2	Capital surplus	446,358	4.6	446,358	4.1	—	—	446,358	4.2	
3	Earned surplus	5,655,885	58.8	6,567,032	60.5	911,146	16.1	6,397,168	60.8	
4	Treasury stock	—	—	47	0.0	47	—	47	0.0	
	Total shareholders' equity	6,696,386	69.6	7,607,485	70.1	911,098	13.6	7,437,621	70.6	
II Valuation, translation differences, and others										
1	Valuation difference of other marketable securities	242,974	2.5	318,104	2.9	75,129	30.9	250,563	2.4	
2	Translation adjustment account	86,488	1.0	103,745	1.0	17,256	20.0	142,925	1.4	
	Total valuation, translation differences, and others	329,463	3.5	421,849	3.9	92,386	28.0	393,489	3.8	
	Total net assets	7,025,850	73.1	8,029,335	74.0	1,003,485	14.3	7,831,111	74.4	
	Total liabilities and net assets	9,616,380	100.0	10,844,237	100.0	1,227,857	12.8	10,530,418	100.0	

(2) Consolidated Statements of Income

Item	Term	Three months ending June 30, 2006			Three months ending June 30, 2007			Increase-decrease		Year ending March 31, 2007		
		From April 1, 2006 To June 30, 2006			From April 1, 2007 To June 30, 2007					From April, 2006 To March 31, 2007		
		Amount	1,000 yen	Proportion %	Amount	1,000 yen	Proportion %	Amount	RC	Amount	1,000 yen	Proportion %
Net Sales		1,939,091	100.0	2,097,601	100.0	158,509	8.2		7,823,706	100.0		
Cost of sales		714,580	36.9	821,274	39.2	106,693	14.9		2,933,447	37.5		
Gross profit		1,224,510	63.1	1,276,326	60.8	51,815	4.2		4,890,259	62.5		
Selling and general administrative expenses		725,555	37.4	792,099	37.7	66,544	9.2		3,105,860	39.7		
Operating income		498,955	25.7	484,227	23.1	14,728	3.0		1,784,398	22.8		
Non-operating income												
1 Interest income		2,724		4,857					14,413			
2 Dividends income		475		659					3,181			
3 Machinery rent revenue		6,305		3,211					15,651			
4 Foreign exchange gain		—		13,255					3,288			
5 Others		3,806	13,311	4,672	26,656	1.3	13,345	100.3	20,776	57,311	0.7	
Non-operation expenses												
1 Interest expenses		2,321		1,317					9,031			
2 Loss on revaluation of investment securities		2,660		—					2,660			
3 Rent expenses for machinery leased		7,294		2,567					15,675			
4 Foreign exchange loss		7,926		—					—			
5 Others		3,174	23,377	2,319	6,204	0.3	17,172	73.5	14,065	41,433	0.5	
Ordinary income		488,889	25.2	504,679	24.1	15,790	3.2		1,800,277	23.0		
Extraordinary profit												
1 Gain on sale of fixed assets		—		—					987			
2 Provision of allowance for doubtful accounts		—	—	972	972	0.0	972	—	—	987	0.0	
Extraordinary loss												
1 Loss on sale of fixed assets		—		—					505			
2 Loss on retirement of fixed assets		1,723	1,723	1,092	1,092	0.0	630	36.6	11,941	12,447	0.1	
Pretax net income for the quarter (1st quarter)		487,166	25.1	504,559	24.1	17,392	3.6		1,788,817	22.9		
Corporate, inhabitant, and business taxes		155,179	8.0	151,353	7.3	3,826	2.5		604,665	7.8		
Current term net income (1st quarter)		331,987	17.1	353,206	16.8	21,218	6.4		1,184,152	15.1		

(3) Consolidated Statements of Changes in Shareholders' Equity

For the 1st quarter of the previous consolidated accounting year (From April 1, 2006 to June 30, 2006) (Unit: 1,000 yen)

	Shareholders' equity				Valuation, translation difference, and others			Total net assets
	Capital stock	Capital surplus	Earned surplus	Total Shareholders' equity	Valuation difference of other marketable securities	Translation adjustment account	Total valuation, translation differences, and others	
Balance as of March 31, 2006	594,142	446,358	5,472,012	6,512,513	296,057	67,437	363,495	6,876,008
Changes during the current 1st quarter								
Dividends of surplus (Note)			132,414	132,414				132,414
Bonuses to directors (Note)			15,700	15,700				15,700
Net income for the current term			331,987	331,987				331,987
Changes during the current 1st quarter of items other than shareholders' equity (Net)					53,083	19,051	34,031	34,031
Total changes during the current 1st quarter	—	—	183,873	183,873	53,083	19,051	34,031	149,841
Balance as of June 30, 2006	594,142	446,358	5,655,885	6,696,386	242,974	86,488	329,463	7,025,850

(Note) These are items of appropriation of earned surplus approved at the ordinary meeting of shareholders held in June 2006.

For the 1st quarter of the current consolidated accounting year (From April 1, 2007 to June 30, 2007)

(Unit: 1,000 yen)

	Shareholders' equity					Valuation, translation difference, and others			Total net assets
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity	Valuation difference of others marketable securities	Translation adjustment account	Total valuation, translation differences, and others	
Balance as of March 31, 2007	594,142	446,358	6,397,168	47	7,437,621	250,563	142,925	393,489	7,831,111
Changes during the current 1st quarter									
Dividends of surplus (Note)			183,342		183,342				183,342
Net income for the quarter			353,206		353,206				353,206
Changes during the current 1st quarter of item other than shareholders' equity (Net)						67,540	39,180	28,360	28,360
Total changes during the current 1st quarter	—	—	169,863	—	169,863	67,540	39,180	28,360	198,224
Balance as of June 30, 2007	594,142	446,358	6,567,032	47	7,607,485	318,104	103,745	421,849	8,029,335

For the previous consolidated accounting year (From April 1, 2006 to March 31, 2007)

(Unit: 1,000 yen)

	Shareholders' equity					Valuation, translation difference, and others			Total net assets
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity	Valuation difference of other marketable securities	Translation adjustment account	Total valuation, translation differences, and others	
Balance as of March 31, 2006	594,142	446,358	5,472,012	—	6,512,513	296,057	67,437	363,495	6,876,008
Change during business year									
Dividends of surplus (Note)			132,414		132,414				132,414
Dividends of surplus (Interim)			101,856		101,856				101,856
Bonuses to directors (Note)			15,700		15,700				15,700
Net income			1,184,152		1,184,152				1,184,152
Others			9,025		9,025				9,025
Acquisition of treasury stocks				47	47				47
Changes in the business year of items other than shareholders' equity (Net)						45,494	75,488	29,994	29,994
Total changes during business year	—	—	925,155	47	925,108	45,494	75,488	29,994	955,102
Balance as of March 31, 2007	594,142	446,358	6,397,168	47	7,437,621	250,563	142,925	393,489	7,831,111

(Note) These are items of appropriation of earned surplus approved at the ordinary meeting of shareholders held in June 2006.

(4) Consolidated Cash Flow

	Three months ending June 30, 2007 From April 1, 2007 To June 30, 2007	Year ending March 31, 2007 From April 1, 2006 To March 31, 2007
Sections	Amount	Amount
	1,000 yen	1,000 yen
Cash flow from operating activities		
1 Net income before taxes and other adjustment	504,559	1,788,817
2 Depreciation	67,258	268,584
3 Increase (decrease) in allowance for doubtful accounts	262	11,361
4 Increase in bonus payment reserve	82,334	7,735
5 Increase (decrease) in reserves for bonuses to officers	15,906	21,406
6 Interest and dividend reserve	5,517	17,595
7 Interest expense	1,317	9,031
8 Loss on revaluation of investment securities	—	2,660
9 Increase (decrease) in notes and accounts receivable	205,096	26,471
10 Increase in inventory assets	3,209	101,047
11 Increase (decrease) in purchase debts	107,322	26,603
12 Bonus paid to directors	—	15,700
13 Others	1,481	59,484
Subtotal	534,281	2,034,606
14 Amount received of interest and dividends	6,203	17,182
15 Payment of interest	1,389	10,223
16 Corporation tax, etc. paid	206,230	571,684
Cash flow from operating activities	332,864	1,469,881
Cash flow from investment activities		
1 Expenditure on deposits in term deposits	248,393	1,060,190
2 Income from repayment of term deposits	188,595	1,125,536
3 Expenditure on acquisition of tangible fixed assets	205,603	866,107
4 Income from sale of tangible fixed assets	—	2,380
5 Expenditure on acquisition of intangible assets	—	9,900
6 Expenditure on acquisition of investment securities	138,968	14,917
7 Others	1,346	2,039
Cash flow from investment activities	403,023	821,158
Cash flow from financing activities		
1 Income from short-term payable	30,000	100,000
2 Expenditure on repayment of short-term loans	30,000	247,595
3 Payment of dividend	166,088	232,908
4 Dividend payment to minority shareholders	—	1,738
5 Others	2,400	3,591
Cash flow from financing activities	163,688	385,834
Effect of exchange rate changes on cash and cash equivalents	9,934	17,177
Net increase (decrease) in cash and cash equivalents	243,781	280,066
Initial balance of cash and cash equivalents	3,033,255	2,753,189
Closing balance of cash and cash equivalents	2,789,474	3,033,255

(5) Segment information

1 Segment information by type of business

In the 1st quarter of the previous consolidated accounting year, the 1st quarter of the current consolidated accounting year, and the previous consolidated accounting year, the MEC Group manufactured and sold chemicals, machinery and equipment, polishing agents, etc. Belonging to the same industry segment as a manufacturer specializing in products related to the business, this section is not applicable.

2 Segment information by location

For the 1st quarter of the previous consolidated accounting year (From April 1, 2006 to June 30, 2006)

	Japan (Unit: 1000 yen)	Asia (Unit: 1000 yen)	Europe (Unit: 1000 yen)	Others (Unit: 1000 yen)	Total (Unit: 1000 yen)	Eliminated or the entire company (Unit: 1000 yen)	Consolidated (Unit: 1000 yen)
Sales amount and operating profit and loss							
Sales amount							
(1) Sales amount to outside customers	1,021,117	731,219	186,755	—	1,939,091	—	1,939,091
(2) Internal sales amount or transferred amount between segments	327,426	466	1,459	—	329,351	(329,351)	—
Total	1,348,543	731,685	188,214	—	2,268,443	(329,351)	1,939,091
Operating expenses	985,411	493,940	150,830	2	1,630,185	(190,049)	1,440,136
Operating profit (or operating loss)	363,132	237,744	37,384	(2)	638,258	(139,302)	498,955

(Note) 1 Method of categorization of countries or regions, and main countries or regions belonging to each category

Method of categorization of countries or regions --- According to geographical proximity.

Main countries and regions belonging to each category --- Asia: Taiwan, Hong Kong, China

Europe: Belgium

Others: United States

- 2 Out of the operating expenses, the amount of operating expenses that cannot be allocated in items of the eliminated section or the entire company is 137,301,000 yen, of which the majority is expenses to be borne by our administrative divisions, etc.

For the 1st quarter of the current consolidated accounting year (From April 1, 2007 to June 30, 2007)

	Japan (Unit: 1000 yen)	Asia (Unit: 1000 yen)	Europe (Unit: 1000 yen)	Others (Unit: 1000 yen)	Total (Unit: 1000 yen)	Eliminated or the entire company (Unit: 1000 yen)	Consolidated (Unit: 1000 yen)
Sales amount and operating profit and loss							
Sales amount							
(1) Sales amount to outside customers	1,237,321	682,286	177,992	—	2,097,601	—	2,097,601
(2) Internal sales amount or transferred amount between segments	300,677	342	—	—	301,019	(301,019)	—
Total	1,537,998	682,629	177,992	—	2,398,621	(301,019)	2,097,601
Operating expenses	1,215,647	438,282	149,696	2	1,803,628	(190,254)	1,613,374
Operating profit (or operating loss)	322,351	244,346	28,296	(2)	594,992	(110,765)	484,227

(Note)1 Method of categorization of countries or regions, and main countries or regions belonging to each category

Method of categorization of countries or regions --- According to geographical proximity.

Main countries and regions belonging to each category --- Asia: Taiwan, Hong Kong, China

Europe: Belgium

Others: United States

- 2 Out of the operating expenses, the amount of operating expenses that cannot be allocated in items of the eliminated section or the entire company is 145,973,000 yen, of which the majority is expenses to be borne by our administrative divisions, etc.

For the previous consolidated accounting year (From April 1, 2006 to March 31, 2007)

	Japan (Unit: 1000 yen)	Asia (Unit: 1000 yen)	Europe (Unit: 1000 yen)	Others (Unit: 1000 yen)	Total (Unit: 1000 yen)	Eliminated or the entire company (Unit: 1000 yen)	Consolidated (Unit: 1000 yen)
Sales amount and operating profit and loss							
Sales amount							
(1) Sales amount to outside customers	4,278,181	2,839,725	705,799	—	7,823,706	—	7,823,706
(2) Internal sales amount or transferred amount between segments	1,190,859	931	1,600	—	1,193,391	(1,193,391)	—
Total	5,469,041	2,840,657	707,399	—	9,017,098	(1,193,391)	7,823,706
Operating expenses	4,057,955	1,890,895	632,866	571	6,582,288	(542,981)	6,039,307
Operating profit (or operating loss)	1,411,085	949,762	74,532	(571)	2,434,809	(650,410)	1,784,398

(Note) 1 Method of categorization of countries or regions, and main countries or regions belonging to each category

Method of categorization of countries or regions --- According to geographical proximity.

Main countries and regions belonging to each category --- Asia: Taiwan, Hong Kong, China

3 Overseas sales

For the 1st quarter of the previous consolidated accounting year (From April 1, 2006 to June 30, 2006)

	Asia	Europe	Others	Total
Overseas sales (1,000 yen)	784,740	169,248	3,074	957,063
Consolidated sales (1,000 yen)				1,939,091
Ratio(%) of overseas sales to consolidated sales	40.5	8.7	0.2	49.4

(Note) 1 Method of categorization of countries or regions, and major countries or regions belonging to each category:

Method of categorization of countries or regions --- According to geographical proximity.

Major countries or regions belonging to each category --- Asia: Taiwan, Hong Kong, China, Singapore

Europe: Spain, Germany, Italy

Others: United States

- 2 Overseas sales represent sales in countries or regions other than Japan by the Company and consolidated subsidiary companies.

For the 1st quarter of the current consolidated accounting year (From April 1, 2007 to June 30, 2007))

	Asia	Europe	Others	Total
Overseas sales (1,000 yen)	728,557	157,414	8,273	894,245
Consolidated sales (1,000 yen)				2,097,601
Ratio(%) of overseas sales to consolidated sales	34.7	7.5	0.4	42.6

(Note) 1 Method of categorization of countries or regions, and major countries or regions belonging to each category:

Method of categorization of countries or regions --- According to geographical proximity.

Major countries or regions belonging to each category --- Asia: Taiwan, Hong Kong, China, Singapore

Europe: Austria, Germany, Italy

Others: United States

- 2 Overseas sales represent sales in countries or regions other than Japan by the Company and consolidated subsidiary companies.

For the previous consolidated accounting year (Form April 1, 2006 to March 31, 2007)

	Asia	Europe	Others	Total
Overseas sales (1,000 yen)	3,044,160	631,843	16,874	3,692,879
Consolidated sales (1,000 yen)				7,823,706
Ratio(%) of overseas sales to consolidated sales	38.9	8.1	0.2	47.2

(Note) 1 Method of categorization of countries or regions, and major countries or regions belonging to each category:

Method of categorization of countries or regions --- According to geographical proximity.

Major countries or regions belonging to each category --- Asia: Taiwan, Hong Kong, China, Singapore

Europe: Austria, Germany, Italy

Others: United States

- 2 Overseas sales represent sales in countries or regions other than Japan by the Company and consolidated subsidiary companies.

Europe: Belgium

Others: United States

- 2 Out of the operating expenses, the amount of operating expenses that cannot be allocated in items of the eliminated section or the entire company is 610,125,000 yen, of which the majority is expenses to be borne by our administrative divisions, etc.
- 3 Change in accounting policy:
From the current consolidated accounting year, "Accounting Standard relating to Bonuses to Officers" (No. 4 of Corporate Accounting Standards: November 29, 2005) have been adopted.
Accompanying this change in accounting policy is an increase of 21,406 thousand yen in the operating expenses, and the operating profit decreased by the same amount for "Japan" compared with the conventional method.

(1) Balance Sheets

Item	Term	As of June 30, 2006		As of June 30, 2007		Increase-decrease		As of March 31, 2007		
		Amount	Compositio n Ratio	Amount	Compositio n Ratio	Amount	RC	Amount	Compositio n Ratio	
		1,000 yen	%	1,000 yen	%	1,000 yen	%	1,000 yen	%	
(Asset)										
Current assets										
1 Cash and deposits		1,953,562		1,818,894				1,990,315		
2 Trade notes receivable		402,035		410,041				387,194		
3 Accounts receivable		1,171,347		1,332,574				1,200,175		
4 Marketable securities		50,000		50,000				50,000		
5 Inventory		196,380		243,317				229,592		
6 Deferred tax assets		76,603		80,324				80,324		
7 Others		83,312		105,102				220,133		
Allowance for doubtful		8,450		6,180				9,070		
Total current assets		3,924,792	53.7	4,034,075	50.5	109,282	2.8	4,148,666	52.8	
Fixed assets										
1 Tangible fixed assets										
(1) Buildings		850,000		862,413				872,864		
(2) Machinery and devices		312,093		331,068				339,489		
(3) Land		725,036		725,036				725,036		
(4) Others		120,859		164,736				152,543		
Total tangible fixed assets		2,007,989	27.4	2,083,254	26.1	75,264	3.7	2,089,934	26.6	
2 Intangible fixed assets		79,509	1.1	66,005	0.8	13,503	17.0	70,187	0.9	
3 Investments and other assets										
(1) Investment securities		1,042,528		1,549,033				1,289,599		
(2) Insurance reserves		132,545		132,545				132,545		
(3) Others		246,782		238,514				237,368		
Allowance for doubtful accounts		123,150		117,530				115,831		
Total investments and other assets		1,298,707	17.8	1,802,563	22.6	503,856	38.8	1,543,681	19.7	
Total fixed assets		3,386,205	46.3	3,951,822	49.5	565,617	16.7	3,703,804	47.2	
Total assets		7,310,997	100.0	7,985,898	100.0	674,900	9.2	7,852,470	100.0	

Item	Term	As of June 30, 2006		As of June 30, 2007		Increase-decrease		As of March 31, 2007	
		Amount	Compositio n Ratio %	Amount	Compositio n Ratio %	Amount	RC	Amount	Compositio n Ratio %
			1,000 yen		1,000 yen				1,000 yen
(LIABILITIES)									
Current liabilities									
1 Trade notes payable		445,128		599,582				506,855	
2 Accounts payable		208,545		243,959				182,086	
3 Short-term borrowings		230,000		130,000				130,000	
4 Current portion of long-term borrowings		—		400,000				400,000	
5 Accounts payable		173,739		205,555				223,883	
6 Accrued corporate tax, etc.		62,725		48,894				177,634	
7 Reserve for bonuses		194,976		209,809				127,475	
8 Reserve for bonuses to office		5,400		5,500				21,406	
9 Others		109,011		159,800				159,451	
Total current liabilities			1,429,525		2,003,102		573,576		1,928,792
Fixed liabilities									
1 Long-term borrowing		400,000		—				—	
2 Deferred tax liabilities		50,108		107,730				61,489	
3 Others		46,771		47,471				46,771	
Total fixed liabilities			496,879		155,202		341,677		108,261
Total liabilities			1,926,405		2,158,304		231,898		2,037,054
(NET ASSETS)									
Shareholders' equity									
1 Capital stock			594,142		594,142		—		594,142
2 Capital surplus									
(1) Capital reserve		446,358		446,358				446,358	
Total capital surplus			446,358		446,358		—		446,358
3 Earned surplus									
(1) Earned reserve		63,557		63,557				63,557	
(2) Other earned surplus									
Contingent reserve		3,600,000		3,900,000				3,600,000	
Earned surplus carried forward		437,558		505,477				860,841	
Total earned surplus			4,101,116		4,469,035		367,919		4,524,398
4 Treasury stock			—		47		47		47
Total shareholders' equity			5,141,617		5,509,488		367,871		5,564,852
Valuation, translation differences, and others									
1 Valuation difference of other marketable securities			242,974		318,104		75,129		250,563
Total valuation, translation differences, and others			242,974		318,104		75,129		250,563
Total net assets			5,384,591		5,827,593		443,001		5,815,416
Total liabilities and net assets			7,310,997		7,985,898		674,900		7,852,470

(2) Statements of Income

Item	Term	Three months ending June 30, 2006		Three months ending June 30, 2007		Increase-decrease		Year ending March 31, 2007	
		From April 1, 2006 To June 30, 2006		From April 1, 2007 To June 30, 2007				From April 1, 2006 To March 31, 2007	
		Amount	Proportion	Amount	Proportion	Amount	RC	Amount	Proportion
		1,000 yen	%	1,000 yen	%	1,000 yen	%	1,000 yen	%
Net Sales		1,348,543	100.0	1,537,998	100.0	189,455	14.0	5,469,041	100.0
Costs of sales		544,581	40.4	727,908	47.3	183,326	33.7	2,241,345	41.0
Gross profit		803,961	59.6	810,090	52.7	6,129	0.8	3,227,695	59.0
Selling and general administrative expenses		578,130	42.9	633,712	41.2	55,581	9.6	2,426,736	44.4
Operating income		225,830	16.7	176,378	11.5	49,451	21.9	800,959	14.6
Non-operating income		1,829	0.1	15,871	1.0	14,041	767.6	214,842	3.9
Non-operating expenses		14,413	1.0	1,480	0.1	12,932	89.7	12,321	0.2
Ordinary income		213,246	15.8	190,768	12.4	22,477	10.5	1,003,480	18.3
Extraordinary profit		—	—	1,189	0.1	1,189	—	19	0.0
Extraordinary loss		1,723	0.1	1,092	0.1	630	36.6	10,738	0.1
Pretax net income for the quarter (current term)		211,523	15.7	190,865	12.4	20,657	9.8	992,762	18.2
Corporate, inhabitant, and business taxes		72,143	5.4	62,887	4.1	9,256	12.8	328,241	6.0
Net profit for the quarter (current term)		139,380	10.3	127,978	8.3	11,401	8.2	664,520	12.2

Statements of Changes in Shareholders' Equity

For the 1st quarter of the previous consolidated accounting year (From April 1, 2006 to June 30, 2006)

(Unit: 1,000 yen)

	Shareholders' equity							Valuation , translation difference, and others		Total net assets	
	Capital stock	Capital surplus		Earned surplus			Total Shareholders' equity	Valuation difference of other marketable securities	Total valuation, translation differences , and others		
		Capital reserve	Total capital surplus	Earned reserve	Other earned surplus						Total earned surplus
					Contingent reserve	Accumulated earnings carried forward					
Balance as of March 31, 2006	594,142	446,358	446,358	63,557	3,300,000	746,292	4,109,849	5,150,350	296,057	296,057	5,446,408
Change during the current 1st quarter											
Reserving of contingent reserve (Note)					300,000	300,000	—	—			—
Dividends of surplus (Note)						132,414	132,414	132,414			132,414
Bonuses to directors (Note)						15,700	15,700	15,700			15,700
Net income for the current term						139,380	139,380	139,380			139,380
Changes during the current 1st quarter of items other than shareholders' equity (Net)									53,083	53,083	53,083
Total changes during the current 1st quarter					300,000	308,733	8,733	8,733	53,083	53,083	61,816
Balance as of June 30, 2007	594,142	446,358	446,358	63,557	3,600,000	437,558	4,101,116	5,141,617	242,974	242,974	5,384,591

(Note) These are items of appropriation of earned surplus approved at the ordinary general meeting of shareholders held in June 2006.

For the 1st quarter of the current consolidated accounting year (From April 1, 2007 to June 30, 2007)

(Unit: 1,000 yen)

	Shareholders' equity							Valuation , translation difference, and others		Total net assets		
	Capital stock	Capital surplus		Earned surplus			Treasury stock	Total Shareholders' equity	Valuation difference of other marketable securities		Total valuation, translation differences, and others	
		Capital reserve	Total capital surplus	Earned reserve	Other earned surplus							Total earned surplus
					Contingent reserve	Accumulated earnings carried forward						
Balance as of March 31, 2007	594,142	446,358	446,358	63,557	3,600,000	860,841	4,524,398	47	5,564,852	250,563	250,563	5,815,416
Change during the current 1st quarter												
Reserving of contingent reserve					300,000	300,000	—		—			—
Dividends of surplus						183,342	183,342		183,342			183,342
Net income for the quarter						127,978	127,978		127,978			127,978
Changes during the current 1st quarter of item other than shareholders' equity (Net)										67,540	67,540	67,540
Total changes during the current 1st quarter	—	—	—	—	300,000	355,363	55,363	—	55,363	67,540	67,540	12,176
Balance as of June 30, 2007	594,142	446,358	446,358	63,557	3,900,000	505,477	4,469,035	47	5,509,488	318,104	318,104	5,827,593

For the previous consolidated accounting year (From April 1, 2006 to March 31,2007)

(Unit: 1,000 yen)

	Shareholders' equity								Valuation , translation difference, and others		Total net assets	
	Capital stock	Capital surplus		Earned surplus			Treasury stock	Total shareholders' equity	Valuation difference of other marketable securities	Total valuation, translation differences, and others		
		Capital surplus	Total capital surplus	Earned reserve	Contingent reserve	Accumulated earnings carried forward						Total earned surplus
Balance as of March 31, 2006	594,142	446,358	446,358	63,557	3,300,000	746,292	4,109,849	—	5,150,350	296,057	296,057	5,446,408
Change during business year												
Reserving of contingent reserve (Note)					300,000	300,000	—		—			—
Dividends of surplus (Note)						132,414	132,414		132,414			132,414
Dividends of surplus (Interim)						101,856	101,856		101,856			101,856
Bonuses to directors (Note)						15,700	15,700		15,700			15,700
Net income						664,520	664,520		664,520			664,520
Acquisition of treasury stock								47	47			47
Changes in the business year of items other than shareholders' equity (Net)										45,494	45,494	45,494
Total changes during business year	—	—	—	—	300,000	114,549	414,549	47	414,501	45,494	45,494	369,007
Balance as of March 31, 2007	594,142	446,358	446,358	63,557	3,600,000	860,841	4,524,398	47	5,564,852	250,563	250,563	5,815,416

(Note) These are items of appropriation of earned surplus approved at the ordinary general meeting of shareholders held in June 2006.