Financial Announcement for the Year Ended March 31, 2014
[Japanese Standard] (consolidated)

May 9, 2014
Stock exchange listing:Tokyo Stock Exchange

Company Name: MEC COMPANY LTD.
Stock Code No.: 4971 Company URL: http://www.mec-co.com/
Representative: Kazuo MAEDA, CEO & President
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Date of General Meeting of Shareholders (Scheduled): June 20, 2014
Commencement Date of Dividend Payment (Scheduled): June 2, 2014
Date of Filing the Financial Report (Scheduled): June 23, 2014
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, 2014 (April 1, 2013 to March 31, 2014)

(1) Results of operations

(% 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, 2014	8,003	19.4	1,421	54.9	1,551	62.2	925	47.6
Year ended March 31, 2013	6,703	6.6	917	25.2	956	39.3	626	963.1

Note: Comprehensive income for fiscal year ended March 31, 2014:1,744 million yen (58.1%);fiscal year ended March 31, 2013:1,103 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, 2014	46.09	-	9.8	13.1	17.8
Year ended March 31, 2013	31.24	-	7.6	9.1	13.7

(Reference) Investment profit or loss according to the equity method:Year ended March 31, 2014: - million yen Year ended March 31, 2013: - 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, 2014	12,869	10,265	79.8	511.44
Year ended March 31, 2013	10,883	8,669	79.7	431.94

(Reference) Shareholder's equity:Year ended March 31, 2014: 10,265 million yen Year ended March 31, 2013:8,669 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, 2014	1,759	-231	-459	2,973
Year ended March 31, 2013	352	-102	-400	1,749

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, 2013	-	4.00	-	6.00	10.00	200	32.0	2.4
Year ended March 31, 2014	-	5.00	-	5.00	10.00	200	21.7	2.1
Year ending March 31, 2015 (Estimated)	-	6.00	-	6.00	12.00		24.1	

3. Consolidated Forecast for the Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(% show rates of change that are Y-on-Y comparisons for the full year and Q-on-Q 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)	4,150	10.3	750	24.9	780	15.0	500	11.1	24.91
Full year	8,300	3.7	1,500	5.5	1,560	0.5	1,000	8.1	49.82

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

Note: For more information, please refer to “4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Changes in accounting policies)” on page 17 of the attachment.

(3) Number of shares outstanding (Common stock)

1) Number of shares outstanding (including treasury stock) issued as of:	Year ended March 31, 2014	20,071,093 shares	Year ended March 31, 2013	20,071,093 shares
2) Number of shares of treasury stock:	Year ended March 31, 2014	34 shares	Year ended March 31, 2013	34 shares
3) Average number of shares during the period:	Year ended March 31, 2014	20,071,059 shares	Year ended March 31, 2013	20,071,059 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 and Analysis of Financial Situation (1) Analysis of results of operations” on page 2 of the attachment.
- The Company plans to hold a briefing session for institutional investors and analysts on Tuesday, May 13, 2014. We have published materials for the briefing session on our website.

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1. Results of Operations and Analysis of Financial Situation

(1) Analysis of results of operations

[Outline of the current period]

In the world economy in the consolidated fiscal year under review (April 1, 2013 to March 31, 2014), capital investment was more active against the background of an increase in corporate profits in the United States, and a moderate recovery trend was seen in the European economy. On the other hand, the pace of growth in Asian economies including China slowed down.

Against the background of a weaker yen and higher stock prices caused by the economic policies and the large-scale monetary easing policies implemented by the government and the Bank of Japan, the Japanese economy saw an increase in capital investment and improved profitability mainly at export-related companies and a recovery in the employment situation.

The electronics industry continued to see strong sales of smartphones, tablet PCs, and products for automotive applications, and sales of PCs which struggled in the first half also expanded temporarily at the end of the fiscal year due to replacement demand with the end of support for Windows XP. It is a similar situation in the print circuit board (PCB) industry.

Under such an environment, the Group focused on developing new products in the “CZ Series,” which has a high market share for package PCB for smartphones, tablet PCs and PCs, and developing and selling products in the “TP Series” and “EXE Series” that are for use with displays. In addition, a plan has arisen to use “Flatbond,” which can handle high-frequency PCB, in the high-density multi-layer PCB for use in 3.9 generation base stations. On a regional basis, in Taiwan we expanded sales of our chemicals for use in package PCB for smartphones and tablets PCs and displays to be shipped to China, while in South Korea we increased such sales for displays.

As a result, our net sales in the consolidated fiscal year under review amounted to 8,003 million yen (up 19.4% year-on-year), operating income was 1,421 million yen (up 54.9% year-on-year), ordinary income was 1,551 million yen (up 62.2% year-on-year), and net income was 925 million yen (up 47.6% year-on-year). Further, the impact of foreign exchange rates mean that net sales increased 686 million yen, and operating income was up 96 million yen.

In addition, thanks to its “CZ Series” the Company was approved by the Ministry of Economy, Trade and Industry to be included in Global Niche Top Companies Selection 100 (GNT 100) as a company that has products with a high market share worldwide.

[Prospects for the next year]

We believe we are in a situation that does not allow for excessive optimism because there is uncertainty about the global economy in the next fiscal year. In terms of the domestic economy, though there are some causes for concern such as fluctuations in demand due to the effect of the consumption tax hike or a rise in the prices of imported goods and material costs owing to the depreciation of the yen, we expect the gradual economic recovery will continue.

For the electronics industry, we expect to see strong sales of products for use in automobiles and good sales of low-cost smartphones and tablet PCs, though we believe sales of personal computers will continue to struggle.

In this environment, the Group aims to expand its market share with the “CZ Series” of products for use with PCB for smartphones and tablet PCs. Also, we will strive to achieve good results for the “EXE Series” of products, which have become a global standard for use in LCD TVs, in terms of their application to motherboards. Furthermore, we will also focus on developing chemicals for use with displays.

Based on this situation, the full-year consolidated forecasts for the year ending March 31, 2015 (April 1, 2014 to March 31, 2015) are as follows.

	Year ended March 31, 2014 Millions of yen	Year ending March 31, 2015 Millions of yen	Percentage change (%)
Net sales	8,003	8,300	3.7
Operating income	1,421	1,500	5.5
Ordinary income	1,551	1,560	0.5
Net income	925	1,000	8.1

(2) Analysis relating to the financial situation

[Analysis of the financial situation]

Cash and deposits grew by 1,361 million yen as a result of collecting accounts receivable; increased sales meant that notes and accounts receivable-trade were up 125 million yen; and assets related to retirement benefits associated with the change in the accounting standard for retirement benefits increased by 137 million yen. These were the major factors that affected our assets, and as a result assets came to 12,869 million yen, up 1,985 million yen compared with the end of the previous fiscal year.

Short-term borrowings fell by 240 million yen as a result of repaying bank loans; notes and accounts payable-trade grew by 203 million yen accompanying increased sales; and deferred tax liability was up by 173 million yen because of increased reserves for a subsidiary. As a result, our liabilities amounted to 2,604 million yen, up 389 million yen compared with the end of the previous fiscal year.

In terms of net assets, retained earnings were up 704 million yen due to an increase in net income, and there was an increase in foreign currency translation adjustments due to exchange rate differences with our overseas subsidiaries of 778 million yen. Consequently, net assets came to 10,265 million yen, up 1,595 million yen compared with the end of the previous fiscal year.

As a result of the above, the equity ratio reached 79.8%.

[Analysis of cash flow]

Looking at the financial position in the consolidated fiscal year under review, cash and cash equivalents (hereinafter referred to as “cash”) grew 1,223 million yen compared with the previous year to record 2,973 million yen.

Outlines of cash flow conditions at the end of the consolidated fiscal year under review and reasons for fluctuations in cash flows are as follows:

(Cash flow from operating activities)

Cash from operating activities amounted to 1,759 million yen (up 1,407 million yen year-on-year). This was mainly due to net income before income taxes and minority interests of 1,499 million yen and depreciation and amortization of 312 million yen.

(Cash flow from investment activities)

As a result of investment activities, cash used amounted to 231 million yen (up 128 million yen year-on-year). This was mainly due to an expenditure of 288 million yen to acquire tangible fixed assets. However, withdrawals of time deposits in the net amount of 67 million yen partially offset the fall in the amount of funds.

(Cash flow from financial activities)

As a result of financing activities, cash used amounted to 459 million yen (up 59 million yen year-on-year). This was because 240 million yen was used to repay short-term borrowings and 219 million yen was used to pay dividends.

Changes in cash flow indicators

	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014
Equity ratio (%)	78.4%	77.7%	76.9%	79.7%	79.8%
Equity ratio based on market value (%)	97.1%	74.4%	62.7%	95.0%	125.1%
Debt repayment period (years)	0.5	0.5	0.6	0.7	-
Interest coverage ratio	167.4	213.1	309.7	230.1	1637.1

Notes: Equity ratio :Shareholders’ equity / net assets

Equity ratio based on market value :Market capitalization / net assets

Debt repayment period :Interest-bearing liability / operating cash flow

Interest coverage ratio :Operating cash flow / interest payments

1. All indicators are calculated based on consolidated financial figures.
2. Market capitalization is calculated by multiplying the closing share price by the number of shares outstanding issued at the end of the period.
3. Operating cash flows are calculated using the cash flow from operating activities in the consolidated statements of cash flows. Interest-bearing liabilities also include all liabilities for which interest is paid out of liabilities recorded on the consolidated balance sheet. In addition, we use the amount of interest paid in the consolidated statements of cash flows as the figure for interest paid.

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

We at the Company are 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 so as to establish 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 the fiscal year ended 2014, we will distribute a year-end dividend of ¥5 per share, making for a total annual dividend of ¥10 per share when combined with the interim dividend paid of ¥5 per share.

For the next fiscal period, though there is a sense of uncertainty over future economic prospects, we plan to distribute an annual dividend of ¥12 per share, made up of an interim dividend of ¥6 per share and a year-end dividend of ¥6 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 carries out PCB and parts material production but because its products for use with PCBs occupy a large portion of its total sales it is strongly affected by trends 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, we have to make sufficient research and development investment so that we can supply products applying such new technologies. 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, our members involved in R&D, sales and production are working as one to meet the needs of the Chinese, Taiwanese and South Korean markets. However, if sales in these regions become dull or if geopolitical risks occur in these areas, 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 raw materials

While inorganic materials are the main materials of chemicals for PCBs and parts, 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 used to transport them, and these containers 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

The Group’s chemicals for use in manufacturing PCB and parts use a variety of chemicals. There are regulations in many countries around the world, including Japan, that aim to limit the impact on the environment and health problems that may occur when such chemicals are used.

While we in the Group consider such regulations to be a major business opportunity, if there is a change to them or 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 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 are not impeded by natural disasters such as earthquakes and floods, and other disasters, we have established production bases that are spread apart geographically. However, in the event that we are affected by disasters or in the event that a disruption of a supply chain means that our production amount of final products such as electronic devices or the like is reduced and the PCB and parts we produce are also affected by that, then the Group’s earnings and financial condition may be impacted.

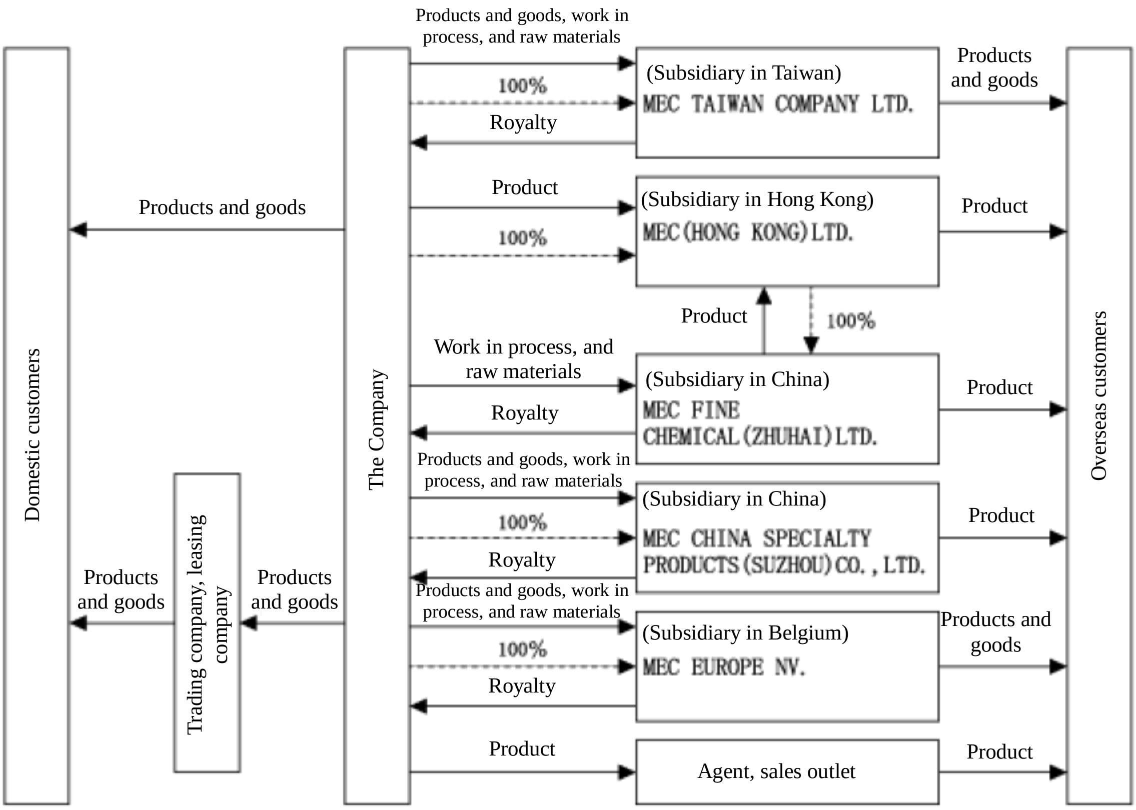
2. Situation of the Corporate Group

The Group consists of the Company and five consolidated subsidiaries. Our consolidated subsidiaries are located in Taiwan, Hong Kong, China, and Europe (Belgium), and we have adopted a system that allows us to meet needs in the markets for PCB and electronic parts all over the world. The Group’s businesses are manufacturing and selling chemicals for use in PCB and displays, and selling machinery and materials for use in making PCB.

In addition, the following categories are the same as those stated in “4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Segment Information).”

Category	Company name	Business category	Product category		Main products and services
Japan	MEC COMPANY LTD.	Materials for print circuit board (PCB) and electronic parts	Products	Chemicals for PCB, chemicals for displays	Adhesion promoters, etchants, and other surface treatment agents
Taiwan	MEC TAIWAN COMPANY LTD.				
Hong Kong (Hong Kong, Zhuhai)	MEC (HONG KONG) LTD. MEC FINE CHEMICAL (ZHUHAI) LTD.			Machinery for PCB	Chemical treatment machines, various types of pre-processing and post-processing machinery
China (Suzhou)	MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD.		Goods	Materials for PCB	Copper foil, dry film
Europe	MEC EUROPE NV.		Other		Mechanical repair

A diagram of the Group’s business system is as follows.



Note: The Company almost always directly sells products and goods to overseas customers; however, it sells some of them via a trading company or leasing company.

→ Business relationship ⇢ Investment relationship

Our subsidiary in Taiwan (MEC TAIWAN COMPANY LTD.), has a 0.05% stake in our subsidiary in Belgium (MEC EUROPE NV).

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 and parts manufacturing industry, which provides the base technology, is undergoing further globalization.

Under these circumstances, we are maintaining our strong competitiveness we enjoy in the domestic PCB and parts industry and focusing 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 parts, 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 Group operating profit in order to return profits to shareholders in accordance with profit levels, and promotes the continuous improvement of ROE as the Company's management indicator.

Item	42nd Term (Year ended March 31, 2011)	43rd Term (Year ended March 31, 2012)	44th Term (Year ended March 31, 2013)	45th Term (Current fiscal year) (Year ended March 31, 2014)
ROE%	1.6	0.7	7.6	9.8

(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 agents for carrying out surface roughening treatment on copper have acquired an exclusive market share worldwide as pre-processing agents that promote adhesion between resin and copper in package PCB for PCs. We are increasing the application of the CZ Series to package PCB for use in tablet PCs and smartphones, whose growth is remarkable, and expanding sales.

Further, in order to allow smartphones and tablet PCs to be used for a long time on one charge, the trend for manufacturers to give them large battery capacities is continuing. To do this, electronic components must be miniaturized and the density of motherboards is increasing; thus, there is a possibility that the Company's CZ Series and EXE Series for use in forming wire patterns as part of an etching method may be newly adopted and so we are focusing on product development and sales to that end.

A plan has arisen to use Flatbond, which can handle high-frequency PCB, in the high-density multi-layer PCB of base stations as a 3.9 generation communication system. There is a possibility that it may see large growth in future, in the area of fourth-generation communication base stations due to the trend toward high-frequency products for use in automotive sensors and such like.

ii) Handling of flexible PCB

The Company's chemicals for use in manufacturing PCB have a large share of the market for high-density PCB of package PCB and the like, but they have not been competitive in terms of cost with respect to the flexible PCB. However tablet PCs and smartphones use a number of flexible PCB and they are becoming high-density ones. Our traditional etching agent is being adopted in this area, and we are aiming to increase sales of it in applications for flexible PCB.

iii) Handling of products other than PCB

The Company has committed itself to acquiring businesses related to products other than PCB, as a horizontal expansion of our chemicals by the end of 2020.

We have recently made some achievements in the areas of chemicals for use in smartphones and tablet PCs, and for use in electronic parts used in displays of LCD TVs. For LCD TVs in particular, our chemicals have become industry-standard products.

Moreover, by using our surface etching technologies for metals other than copper such as nickel, aluminum and stainless steel, as an alternative to the process employed up to now that uses an adhesive to bond metal and resin, we are proceeding to establish the technology of Amalpha with a long-term perspective.

iv) Handling of overseas markets

In the domestic Japanese PCB and parts market, the Company is confident that it has built a strong position as an enterprise that contributes to resolving cost, technology and environment issues at customer manufacturers. Moreover, we believe in regard to future trends in the Japanese PCB and parts industry that the Company's strengths will be exhibited even further because there will be an increasing need for high-density and high-reliability products.

In the Asian market, we have focused on acquiring customers, established subsidiaries in Taiwan and China whose economies are continuing to grow, opened an office in Vietnam, and produced successful results. In future also, we will strengthen our support for all our overseas subsidiaries and offices, and by making contributions to the stable procurement of materials and also developing chemicals for use overseas we will work to improve customer satisfaction in all regions and thus expand sales in overseas markets.

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 producing materials for PCBs and parts and has the risk of being strongly affected by the trend of production in the PCB and parts industry. To reduce the risk, we will utilize the technology we have accumulated so far and work to establish technology that allows them to be applied in new areas. More specifically, we are refining technology called Amalpha that can contribute to reducing the weight of products by eliminating the need for adhesive and roughening the surface of metals such as nickel, aluminum and stainless steel to improve their adhesion to plastic.

ii) Strategy for overseas markets

The Company's Group is building a strong sales network that covers the PCB and parts market in Japan. In the Asian market, we have focused on acquiring customers, established subsidiaries in Taiwan and China whose economies are continuing to grow, opened an office in Vietnam, and produced successful results.

On the other hand, common chemicals are an area in which we have not sufficiently demonstrated the superiority of our chemical processes. And in this area, with regards to products for which the shift to high-density parts will progress even more in the future, such as those for use in flexible PCB, and that are highly likely to be markets going forward, we will make strategic product selections and ensure that we can secure orders while controlling risk. So that we can respond flexibly and strategically to these challenges, we will continue to remain focused on strengthening the customer support offered by the Group.

iii) Strengthening of corporate governance

The Group believes that it in order to maximize shareholder profit it is essential to increase corporate value by making ongoing efforts that aim to enhance corporate governance. More specifically, the Company's policy to advance efforts to ensure fair and transparent management, precise and rapid information disclosure, and thorough accountability.

In line with the policy to actively promote diversity of management, we are working on inviting outside directors to participate in our business operations. In addition, we are working to establish rules such as those that enact strict criteria in cases where our managers lack independence.

Further, the Company's policy has for some time been to recruit talented personnel, aiming to have a well-rounded sense of values by promoting diversity. As a recent result, the Company was mentioned by the Cabinet Office as an example of an organization in which women are active. In future, we will continue working to improve various systems such as ones for recruiting women to work as executives and managers, and one that makes it possible for all mothers to return to work after taking maternity leave.

iv) 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 various areas we will strive to secure the necessary employees by hiring people with specialist knowledge and nurturing our staff.

v) Improving business efficiency

We in the Group expect to see a large part of the business being more and more dependent on overseas areas also in future. 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)

	As of March 31, 2013	As of March 31, 2014
Assets		
Current assets		
Cash and deposits	2,708,651	4,070,511
Notes and accounts receivable - trade	2,236,528	2,362,368
Merchandise and finished goods	267,249	343,709
Work in process	36,068	37,464
Raw materials and supplies	236,919	257,004
Deferred tax assets	165,496	221,417
Other	85,528	71,374
Allowance for doubtful accounts	(9,393)	(25,780)
Total current assets	5,727,049	7,338,072
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,029,804	3,203,590
Accumulated depreciation	(1,688,246)	(1,839,194)
Buildings and structures, net	* 1,341,558	* 1,364,396
Machinery, equipment and vehicles	1,606,835	1,828,802
Accumulated depreciation	(1,223,745)	(1,363,465)
Machinery, equipment and vehicles, net	383,089	465,337
Tools, furniture and fixtures	596,444	690,355
Accumulated depreciation	(468,038)	(517,114)
Tools, furniture and fixtures, net	128,406	173,241
Land	* 2,789,376	* 2,832,331
Construction in progress	36,287	3,070
Total property, plant and equipment	4,678,718	4,838,376
Intangible assets	44,651	42,282
Investments and other assets		
Investment securities	332,591	405,090
Net defined benefit asset	—	137,703
Deferred tax assets	4,092	6,391
Other	114,617	101,851
Allowance for doubtful accounts	(17,997)	(263)
Total investments and other assets	433,303	650,773
Total non-current assets	5,156,672	5,531,432
Total assets	10,883,722	12,869,504

(in thousands of yen)

	As of March 31, 2013	As of March 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	688,215	891,647
Short-term loans payable	240,000	—
Accounts payable - other	240,411	355,622
Accrued expenses	50,139	59,908
Income taxes payable	270,886	351,175
Provision for bonuses	132,302	220,157
Provision for directors' bonuses	11,350	30,950
Other	219,699	179,797
Total current liabilities	1,853,004	2,089,259
Non-current liabilities		
Deferred tax liabilities	246,631	420,316
Provision for retirement benefits	85,561	—
Net defined benefit liability	—	67,619
Other	29,102	27,073
Total non-current liabilities	361,295	515,009
Total liabilities	2,214,300	2,604,268
Net assets		
Shareholders' equity		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	7,945,033	8,649,354
Treasury shares	(12)	(12)
Total shareholders' equity	8,985,521	9,689,842
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,842	73,635
Foreign currency translation adjustment	(348,942)	429,794
Remeasurements of defined benefit plans	—	71,963
Total accumulated other comprehensive income	(316,100)	575,393
Total net assets	8,669,421	10,265,235
Total liabilities and net assets	10,883,722	12,869,504

(2) Consolidated statement of comprehensive income

(Consolidated statement of income)

(in thousands of yen)

	Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Net sales	6,703,970	8,003,384
Cost of sales	*1 2,554,622	*1 3,043,233
Gross profit	4,149,347	4,960,151
Selling, general and administrative expenses	*2,*3 3,231,583	*2,*3 3,538,460
Operating income	917,763	1,421,690
Non-operating income		
Interest income	29,145	31,472
Dividend income	7,831	8,938
Gain on sales of investment securities	—	698
Foreign exchange gains	—	58,294
Trial products income	14,156	15,205
Other	13,478	22,063
Total non-operating income	64,612	136,672
Non-operating expenses		
Interest expenses	1,603	1,114
Sales discounts	3,389	4,221
Foreign exchange losses	16,949	—
Other	3,598	1,186
Total non-operating expenses	25,540	6,522
Ordinary income	956,835	1,551,840
Extraordinary income		
Gain on sales of non-current assets	*4 2,898	*4 593
Surrender value of insurance	1,571	—
Reversal of legal debt reserve	45,135	—
Total extraordinary income	49,605	593
Extraordinary losses		
Loss on sales of non-current assets	*5 2,057	*5 1,752
Loss on retirement of non-current assets	*6 10,827	*6 8,493
Impairment loss	—	*7 43,000
Total extraordinary losses	12,884	53,246
Income before income taxes and minority interests	993,557	1,499,188
Income taxes - current	544,928	519,071
Income taxes - deferred	(178,327)	55,014
Total income taxes	366,600	574,085
Income before minority interests	626,956	925,102
Net income	626,956	925,102

(Consolidated statement of comprehensive income)

(in thousands of yen)

	Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Income before minority interests	626,956	925,102
Other comprehensive income		
Valuation difference on available-for-sale securities	(18,731)	40,793
Foreign currency translation adjustment	495,491	778,737
Total other comprehensive income	* 476,759	* 819,530
Comprehensive income	1,103,715	1,744,632
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,103,715	1,744,632
Comprehensive income attributable to minority interests	—	—

(3) Consolidated statement of changes in equity

Previous fiscal year (April 1, 2012 to March 31, 2013)

(in thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	594,142	446,358	7,478,645	(12)	8,519,134
Changes of items during period					
Dividends of surplus			(160,568)		(160,568)
Net income			626,956		626,956
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	466,387	—	466,387
Balance at end of current period	594,142	446,358	7,945,033	(12)	8,985,521

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	51,574	(844,434)	—	(792,859)	7,726,274
Changes of items during period					
Dividends of surplus					(160,568)
Net income					626,956
Net changes of items other than shareholders' equity	(18,731)	495,491	—	476,759	476,759
Total changes of items during period	(18,731)	495,491	—	476,759	943,147
Balance at end of current period	32,842	(348,942)	—	(316,100)	8,669,421

Current fiscal year (April 1, 2013 to March 31, 2014)

(in thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	594,142	446,358	7,945,033	(12)	8,985,521
Changes of items during period					
Dividends of surplus			(220,781)		(220,781)
Net income			925,102		925,102
Net changes of items other than shareholders' equity					
Total changes of items during period	―	―	704,320	―	704,320
Balance at end of current period	594,142	446,358	8,649,354	(12)	9,689,842

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurments of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	32,842	(348,942)	―	(316,100)	8,669,421
Changes of items during period					
Dividends of surplus					(220,781)
Net income					925,102
Net changes of items other than shareholders' equity	40,793	778,737	71,963	891,493	891,493
Total changes of items during period	40,793	778,737	71,963	891,493	1,595,814
Balance at end of current period	73,635	429,794	71,963	575,393	10,265,235

(4) Consolidated statement of cash flow

(in thousands of yen)

	Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	993,557	1,499,188
Depreciation	299,653	312,123
Impairment loss	—	43,000
Increase (decrease) in allowance for doubtful accounts	(3,659)	(4,944)
Increase (decrease) in provision for bonuses	776	87,855
Increase (decrease) in provision for directors' bonuses	4,150	19,600
Increase (decrease) in provision for retirement benefits	(23,239)	(86,685)
Increase (decrease) in Net defined benefit liability	—	(70,084)
Interest and dividend income	(36,977)	(40,411)
Interest expenses	1,603	1,114
Surrender value of insurance	(1,571)	—
Decrease (increase) in notes and accounts receivable - trade	(449,268)	68,727
Decrease (increase) in inventories	(52,615)	1,296
Increase (decrease) in notes and accounts payable - trade	115,052	146,524
Other, net	(111,890)	169,304
Subtotal	735,572	2,146,610
Interest and dividend income received	36,065	41,243
Interest expenses paid	(1,532)	(1,074)
Income taxes refund	2,873	596
Income taxes paid	(386,923)	(427,726)
Tax payment of corporation tax due of correction	(33,420)	—
Net cash provided by (used in) operating activities	352,635	1,759,649
Cash flows from investing activities		
Payments into time deposits	(1,534,970)	(1,677,304)
Proceeds from withdrawal of time deposits	1,712,803	1,744,726
Purchase of property, plant and equipment	(275,542)	(288,581)
Proceeds from sales of property, plant and equipment	4,955	836
Purchase of intangible assets	(2,400)	(1,790)
Purchase of investment securities	(8,976)	(9,167)
Proceeds from sales of investment securities	—	700
Proceeds from maturity of insurance funds	3,844	—
Other, net	(2,651)	(1,073)
Net cash provided by (used in) investing activities	(102,937)	(231,654)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(140,000)	(160,000)
Increase in short-term loans payable	160,000	80,000
Decrease in short-term loans payable	(260,000)	(160,000)
Cash dividends paid	(160,063)	(219,956)
Net cash provided by (used in) financing activities	(400,063)	(59,956)
Effect of exchange rate change on cash and cash equivalents	81,946	155,740
Net increase (decrease) in cash and cash equivalents	(68,419)	1,223,779
Cash and cash equivalents at beginning of period	1,817,828	1,749,409
Cash and cash equivalents at end of period	* 1,749,409	* 2,973,188

(5) Notes on the consolidated financial statements

(Notes on the premise of a going concern)

N/A

(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:

The names are stated in "2. Situation of the Corporate Group" and so they are omitted here.

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] Marketable securities

Other marketable 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.)

Securities without a determinable market value:

Stated at cost using the moving-average method

[2] Derivatives

Stated at the market value method

[3] Inventories

(i) Goods, products (chemicals), work in process, raw materials, inventories of merchandise and supplies:

Stated at cost based on the periodic average method (book price devaluation based on the decrease in profitability of balance sheet values)

(ii) Products (Machinery):

Stated at cost based on the cost convention 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 executive officers who are 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) Method of accounting for retirement benefits

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.

Please note that for this retirement plan we have adopted a contract-type defined benefit corporate pension plan. In calculating retirement benefit obligations, we use the straight-line method to attribute estimated amounts of retirement benefits to the period up to the end of the current fiscal year.

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.

With regards to any difference of unrecognized actuarial gain or loss and unrecognized prior service cost, after adjusting for tax effects we record a cumulative adjustment relating to retirement benefits for total of other accumulated comprehensive income in the "Net assets" section.

Since the plan assets were greater than the retirement benefit obligations at the end of the current fiscal year, the Company has recorded this difference in "Assets related to retirement benefits" in investments and other assets.

In addition, so as to prepare for retirement benefits for executive officers of the Company who are not directors and for some subsidiaries, when calculating liabilities relating to retirement benefits and retirement benefit costs we apply the simplified method that uses the method in which the year-end amount payable in accordance with the retirement benefits is deemed to be the retirement benefits obligation.

(5) 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.

(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

The Company adopts the tax exclusion method.

(Changes in accounting policies)

(Application of Accounting Standards for Retirement Benefits)

We apply "Accounting Standards for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012; hereinafter "Accounting Standards for Retirement Benefits") and "Guidance on Accounting Standards for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012; hereinafter "Retirement Benefits Guidance") from the end of the current fiscal year (except for the provisions listed in the body text of Paragraph 35 of the Accounting Standards for Retirement Benefits and the body text of Clause 67 of the Retirement Benefits Guidance), and changed to the method that posts the amount obtained by deducting the amount of plan assets from the retirement benefit obligation as assets or liabilities for retirement benefits, and we post as assets for retirement benefits the difference of unrecognized actuarial gain and loss and unrecognized prior service cost.

With regard to the application of the Accounting Standards for Retirement Benefits, etc., we follow the transitional handling specified in Paragraph 37 of the Accounting Standards for Retirement Benefits and at the end of the current consolidated fiscal year we adjust the amount of cumulative adjustment pertaining to retirement benefits of other accumulated comprehensive income in consideration of any impact associated with the corresponding change.

As a result, at the end of the current consolidated fiscal year under review liabilities pertaining to retirement benefits came to 67,619 thousand yen and assets pertaining to retirement benefits amounted to 137,703 thousand yen; amount of other accumulated comprehensive income increased by 71,963 thousand yen.

In addition, net assets per share increased by 3.58 yen.

(Accounting standards not applied)

- “Accounting Standards for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012)
- “Guidance on Accounting Standards for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012)

(1) Overview

We have revised our method of treating the difference with unrecognized actuarial gain and loss and unrecognized prior service cost, and method of calculating retirement benefit obligations and service cost and enhanced our disclosure.

(2) Applicable Date

We will apply the revision to the method of calculating retirement benefit obligations and service cost from the beginning of the year ended March 31, 2015. In addition, since transitional handling provisions have been established in the corresponding accounting standards, we shall not retroactively apply this change to the consolidated financial statements of prior periods.

(3) Impact of adopting the corresponding accounting standards

We are currently evaluating the impact that the revision to the method of calculating retirement benefit obligations and service cost may have on our consolidated financial statements.

(Notes to consolidated balance sheet)

* Assets pledged in collateral

	Previous fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Buildings and structures	9,840 thousand yen	6,265 thousand yen
Land	24,093 thousand yen	30,469 thousand yen
Total	33,933 thousand yen	36,735 thousand yen

There is no obligation corresponding to the above pledged assets.

(Notes to consolidated statements of income)

*1 The inventories at the fiscal year end are the amounts after write-down of book value as a result of a decrease in profitability, and the following loss on valuation of inventories is included in cost of sales.

Previous fiscal year (April 1, 2012 To March 31, 2013)	Current fiscal year (April 1, 2013 To March 31, 2014)
1,387 thousand yen	9,188 thousand yen

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

	Previous fiscal year (April 1, 2012 To March 31, 2013)	Current fiscal year (April 1, 2013 To March 31, 2014)
Salaries and bonuses	883,819 thousand yen	976, 091 thousand yen
Research and development expenses	740,870 thousand yen	762, 253 thousand yen
Packing and transportation expenses	324,949 thousand yen	364, 960 thousand yen
Provision for allowance for bonuses	81,301 thousand yen	133, 021 thousand yen
Provision for directors' bonuses	11,350 thousand yen	30, 950 thousand yen

*3 Research and development expenses included in general expenses were as follows.

Previous fiscal year (April 1, 2012 To March 31, 2013)	Current fiscal year (April 1, 2013 To March 31, 2014)
740,870 thousand yen	762,253 thousand yen

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

	Previous fiscal year (April 1, 2012 To March 31, 2013)	Current fiscal year (April 1, 2013 To March 31, 2014)
Machinery, equipment and vehicles	2,313 thousand yen	593 thousand yen
Tools, furniture and fixtures	584 thousand yen	- thousand yen
Total	2,898 thousand yen	593 thousand yen

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

	Previous fiscal year (April 1, 2012 To March 31, 2013)	Current fiscal year (April 1, 2013 To March 31, 2014)
Machinery, equipment and vehicles	1,087 thousand yen	289 thousand yen
Tools, furniture and fixtures	969 thousand yen	1,462 thousand yen
Total	2,057 thousand yen	1,752 thousand yen

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

	Previous fiscal year (April 1, 2012 To March 31, 2013)	Current fiscal year (April 1, 2013 To March 31, 2014)
Buildings and structures	1,304 thousand yen	2,381 thousand yen
Machinery, equipment and vehicles	3,095 thousand yen	1,007 thousand yen
Tools, furniture and fixtures	134 thousand yen	461 thousand yen
Fixed asset removal costs	6,292 thousand yen	4,643 thousand yen
Total	10,827 thousand yen	8,493 thousand yen

*7 Impairment loss

Previous fiscal year (April 1, 2012 to March 31, 2013)

N/A

Current fiscal year (April 1, 2013 to March 31, 2014)

In the consolidated fiscal year under review, the Company posted an impairment loss of 43,000 thousand yen as an extraordinary loss for the following assets.

Place	Use	Type	Amount
Hyogo Prefecture Amagasaki City	Idle assets	Land	43,000 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 was unused at the end of the fiscal year under review. 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)

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

	Previous fiscal year (April 1, 2012 To March 31, 2013)	Current fiscal year (April 1, 2013 To March 31, 2014)
Valuation difference on available-for-sale securities:		
Amount arising in the current fiscal year under review	(29,082) thousand yen	63,333 thousand yen
Amount of reclassification adjustment	-	-
Before income tax effect	(29,082)	63,333
Income tax effect	10,350	(22,540)
Valuation difference on available-for-sale securities	(18,731)	40,793
Foreign currency translation and adjustment:		
Amount arising in the current fiscal year under review	495,491	778,737
Other comprehensive income	476,759	819,530

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

Previous fiscal year (April 1, 2012 to March 31, 2013)

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

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 23, 2012 Board of directors' meeting	Common stock	80,284	4	March 31, 2012	June 5, 2012
Oct. 31, 2012 Board of directors' meeting	Common stock	80,284	4	Sep 30, 2012	December 4, 2012

(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, 2013 Board of directors' meeting	Common stock	120,426	Retained earnings	6	March 31, 2013	June 4, 2013

Current fiscal year (April 1, 2013 to March 31, 2014)

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

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 23, 2013 Board of directors' meeting	Common stock	120,426	6	March 31, 2013	June 4, 2013
October 31, 2013 Board of directors' meeting	Common stock	100,355	5	September 30, 2013	December 3, 2013

(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 22, 2014 Board of directors' meeting	Common stock	100,355	Retained earnings	5	March 31, 2014	June 2, 2014

(Consolidated statement of cash flow)

* Reconciliation of cash and cash equivalents at the end of the fiscal year with the consolidated balance sheet accounts

	Previous fiscal year (April 1, 2012 to March 31, 2013)	Current fiscal year (April 1, 2013 to March 31, 2014)
Cash and deposits	2,708,651 thousand yen	4,070,511 thousand yen
Time deposits with maturities extending over three months	(959,242 thousand yen)	(1,097,323 thousand yen)
Cash and cash equivalents	1,749,409 thousand yen	2,973,188 thousand yen

(Retirement benefit)

Previous fiscal year (April 1, 2012 to March 31, 2013)

1. Outline of retirement benefits 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 Electronics Packaging and Circuits 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

Plan assets	45,788,970 thousand yen
Benefit obligation based on the calculation of pension financing in the scheme (Liability reserve + unamortized past service liability balance)	53,682,857
Net amount	(7,893,887)

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

1.557%

3) Supplemental information

The net amount in 1) above was mainly due to a surplus of 585,117 thousand yen, a prior service obligation in pension financing of 6,883,526 thousand yen and appropriation of retained earnings of 1,595,477 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, we are processing cost in the amount of 6,684 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

(1)	Retirement benefit obligation (thousand yen)	(1, 058, 215)
(2)	Plan assets (thousand yen)	939, 707
(3)	Unfunded projected benefit obligation (1) + (2) (thousand yen)	(118, 508)
(4)	Unrecognized actuarial gain and loss (thousand yen)	(37, 866)
(5)	Unrecognized prior service cost (thousand yen)	70, 813
(6)	Allowance for retirement benefit (thousand yen)	(85, 561)

3 Breakdown of retirement benefit obligation

(1)	Service cost (thousand yen)	77,899
(2)	Interest cost on projected benefit obligations (thousand yen)	17,179
(3)	Expected return on plan assets (thousand yen)	(7,101)
(4)	Actuarial gain and loss (thousand yen)	2,487
(5)	Amortization of prior service cost (thousand yen)	18,883
	Subtotal (thousand yen)	109,348
(6)	Contribution to Employees' Pension Fund (thousand yen)	33,803
(7)	Contribution to defined contribution plans of consolidated subsidiaries (thousand yen)	20,244
	Total retirement benefit obligation (thousand yen)	163,395

4 Basis of calculation of retirement benefit obligation

(1) Assumed discount rate

1.0%

(2) Expected rate of return

1.0%

(3) Periodical allocation of estimated retirement benefits

Allocated to each period by the straight-line method

(4) Amortization of actuarial gain and loss

Amortized over 10 years from the year following that of the occurrence by the declining-balance method

(5) Amortization of prior service cost

Amortized over 10 years from the year of the occurrence by the straight-line method

Current fiscal year (April 1, 2013 to March 31, 2014)

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 consolidated subsidiaries adopt a defined contribution and a defined benefit pension scheme.

We calculate the retirement benefit costs and liabilities related to retirement benefits by the simplified method for the defined benefit plans of executive officers of the Company who are not directors and consolidated subsidiaries.

In addition to the above scheme, the Company is a member of the Employees’ Pension Fund of the Japan Electronics Packaging and Circuits Association, and because it is a system that cannot be used to reasonably calculate the amount of pension assets corresponding to our own contribution, they are accounted for in the same way as a defined contribution plan.

2. Scheme operated by multiple employers

The required contributions for the employees’ pension fund system, which is a scheme operated by multiple employers that is accounted for in the same manner as a defined contribution plan, was 57,644 thousand yen.

(1) Funded status of the multi-employer plan (as of March 31,2013)

Amount of pension assets	54,319,104 thousand yen
Amount of the pension obligations based on the calculation of pension financing in the scheme (Liability reserve + unamortized past service liability balance)	57,853,299 thousand yen
Net amount	(3,534,195 thousand yen)

(2) Amount paid by the Company as a percentage of contributions to the multi-employer system (April 1, 2012 to March 31, 2013)

1.64%

(3) Supplemental information

The net amount in 1) above was mainly due to a prior service obligation in pension financing of 1,200,815 thousand yen and a carried forward shortfall and current year surplus of 2,333,380 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, we are processing cost in the amount of 6,772 thousand yen for special premiums.

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

3. Defined benefit plans

(1) Reconciliations of beginning and ending balances of the retirement benefit obligations of the plan which adopts the principle method

Beginning balance of the retirement benefit obligation	986,085 thousand yen
Service cost	71,911 thousand yen
Interest expense	9,860 thousand yen
Accruals of actuarial gains and losses	(17,118 thousand yen)
Payment of retirement benefits	(32,069 thousand yen)
Balance of retirement benefit obligations at end of year	1,018,669 thousand yen

(2) Reconciliations of beginning and ending balances of plan assets of the plan which adopts the principle method

Beginning balance of plan assets	939,707 thousand yen
Expected return on assets	4,698 thousand yen
Accruals of actuarial gains and losses	116,472 thousand yen
Contributions from the employer	127,564 thousand yen
Payment of retirement benefits	(32,069 thousand yen)
Balance of the plan assets at end of year	1,156,373 thousand yen

(3) Reconciliations of beginning and ending balances of the liability for the retirement benefits of the system that uses the simplified method

Beginning balance of the liability for retirement benefits	72,130 thousand yen
Retirement benefit expenses	22,935 thousand yen
Payment of retirement benefits	(28,570 thousand yen)
Other	1,124 thousand yen
Ending balance of the liability for retirement benefits	67,619 thousand yen

(4) Reconciliation of the ending balance of the retirement benefit obligations and plan assets, and liabilities and assets relating to retirement benefits that have been recorded in the consolidated balance sheet

Includes the amount of a system that uses the simplified method.

Retirement benefit obligation of funded plans	1,052,694 thousand yen
Plan assets	(1,173,958 thousand yen)
	(121,264 thousand yen)
Retirement benefit obligations of unfunded system	51,180 thousand yen
Net amount of assets and liabilities recorded in the consolidated balance sheet	(70,084 thousand yen)

Liabilities related to retirement benefits	67,619 thousand yen
Assets related to retirement benefits	(137,703 thousand yen)
Net amount of assets and liabilities recorded in the consolidated balance sheet	(70,084 thousand yen)

(5) Amount of retirement benefit costs and their breakdown

Service cost	71,911 thousand yen
Interest expense	9,860 thousand yen
Expected return on assets	(4,698 thousand yen)
Expensed amount of actuarial gains and losses	(7,800 thousand yen)
Expensed amount of prior service cost	18,883 thousand yen
Retirement benefit costs which are calculated using the simplified method	22,935 thousand yen
Retirement benefit cost of defined benefit plans	111,092 thousand yen

(6) Cumulative adjustment to retirement benefits

Unrecognized prior service cost	51,930 thousand yen
Difference with unrecognized actuarial gain and loss	(163,657 thousand yen)
Total	(111,727 thousand yen)

(7) Matters relating to plan assets

(1) Main components of the plan assets

The ratios of the major classifications for the total plan assets are as follows.

Bonds	27%
Stocks	49%
General accounts	19%
Other	5%
Total	100%

(2) Method of setting the expected long-term rate of return on plan assets
To determine the expected long-term rate of return on pension plan assets, we consider the current and expected allocation of plan assets, and the current and expected long-term rate of return from the variety of assets that make up the plan assets.

(8) Matters relating to actuarial assumptions

Major actuarial assumptions at the end of the current fiscal year

Discount rate	1.2%
Expected long-term rate of return on plan assets	0.5%

4. Defined contribution plans
The required contributions to defined contribution plans of consolidated subsidiaries that use defined contribution plans is 28,758 thousand yen.

(Deferred tax accounting)

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

(Current Assets)

	Previous fiscal year (March 31, 2013)	Current fiscal year (March 31, 2014)
Deferred tax assets		
Allowance for bonuses	50,221 thousand yen	78,354 thousand yen
Accrued enterprise tax	17,499 thousand yen	22,848 thousand yen
Social insurance premiums	7,450 thousand yen	11,837 thousand yen
Carry forward of foreign tax credits	5,500 thousand yen	2,900 thousand yen
Unrealized income on inventory assets	51,469 thousand yen	91,635 thousand yen
Other	33,699 thousand yen	13,900 thousand yen
Total deferred tax assets	165,840 thousand yen	221,476 thousand yen
Deferred tax liabilities		
Foreign exchange gains regarding overseas subsidiaries	313 thousand yen	- thousand yen
Other	30 thousand yen	58 thousand yen
Total deferred tax liabilities	344 thousand yen	58 thousand yen
Net deferred tax assets	165,496 thousand yen	221,417 thousand yen

(Fixed Assets)

	Previous fiscal year (March 31, 2013)	Current fiscal year (March 31, 2014)
Deferred tax assets		
Unpaid directors' retirement benefits	5,096 thousand yen	5,096 thousand yen
Allowance for doubtful accounts	4,075 thousand yen	65 thousand yen
Allowance for retirement benefits	30,451 thousand yen	- thousand yen
Liabilities relating to retirement benefits	- thousand yen	21,009 thousand yen
Sales promotion expenses	1,051 thousand yen	- thousand yen
Carry forward of foreign tax credits	44,000 thousand yen	32,000 thousand yen
Impairment loss	189,808 thousand yen	205,112 thousand yen
Other	8,154 thousand yen	10,350 thousand yen
Subtotal	282,638 thousand yen	273,634 thousand yen
Valuation allowance	(235,162 thousand yen)	(243,664 thousand yen)
Total deferred tax assets	47,475 thousand yen	29,970 thousand yen
Deferred tax liabilities		
Valuation difference on available-for-sale securities	17,760 thousand yen	40,301 thousand yen
Retained earnings of overseas subsidiaries	272,220 thousand yen	354,574 thousand yen
Assets related to retirement benefits	- thousand yen	49,008 thousand yen
Other	33 thousand yen	11 thousand yen
Total deferred tax liabilities	290,014 thousand yen	443,895 thousand yen
Net deferred tax liabilities	242,539 thousand yen	413,925 thousand yen

The amount of “net deferred tax liabilities” (previous fiscal year 242,539 thousand yen; current fiscal year: 413,925 thousand yen) is included in the following items in the consolidated balance sheet.

	Previous fiscal year (March 31, 2013)	Current fiscal year (March 31, 2014)
Fixed assets - deferred tax assets	4,092 thousand yen	6,391 thousand yen
Fixed liabilities - deferred tax liabilities	246,631 thousand yen	420,316 thousand yen

2 Breakdown of major causes of differences between the effective statutory tax rate and rates of income taxes after application of deferred tax accounting:
We have omitted stating any notes here because the differences between the effective statutory tax rate and rates of income taxes after application of deferred tax accounting is less than 5% of the effective statutory tax rate.

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.” (Act No. 10, 2014) was promulgated on March 31, 2014, and special income tax for reconstruction is not to be levied from fiscal years beginning on or after April 1, 2014.
As a result, the statutory tax rate used to calculate the deferred tax assets and deferred tax liabilities will change from the conventional 38.0% to 35.6% for a temporary difference whose cancellation is expected in the fiscal years beginning on April 1, 2014.
As a result of this tax rate change, the amount of deferred tax assets (net of the amount of deferred tax liabilities) will decrease by 7,921 thousand yen, income taxes-deferred will increase by the same amount.

(Segment information)

[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.
Inter-segment revenue and transfers are based on current market prices.

3. Information on net sales, profit or loss, assets, liabilities and other items by reportable segment

Previous fiscal year (April 1, 2012 to March 31, 2013)

(in thousands of yen)

	Reportable segment					Total
	Japan	Taiwan	Hong Kong	China	Europe	
Net sales						
Sales to external customers	3,943,946	1,085,929	558,202	664,809	451,081	6,703,970
Inter-segment sales and transfers	1,032,704	5,126	961	259	31,550	1,070,603
Total	4,976,651	1,091,056	559,164	665,069	482,632	7,774,573
Segment profit	511,183	153,239	92,776	191,484	35,430	984,114
Segment assets	8,029,818	1,819,031	849,445	1,171,400	411,672	12,281,367
Other items						
Depreciation and amortization	183,114	58,103	21,414	25,171	11,864	299,668
Increase in property, plant and equipment and intangible assets	276,812	47,000	11,563	22,317	8,039	365,733

Current fiscal year (April 1, 2013 to March 31, 2014)

(in thousands of yen)

	Reportable segment					Total
	Japan	Taiwan	Hong Kong	China	Europe	
Net sales						
Sales to external customers	4,448,832	1,577,221	626,271	852,582	498,476	8,003,384
Inter-segment sales and transfers	1,362,548	7,440	2,042	2,106	86,052	1,460,191
Total	5,811,381	1,584,661	628,313	854,688	584,529	9,463,575
Segment profit	1,014,813	164,790	90,506	225,626	28,451	1,524,194
Segment assets	8,833,921	2,249,633	1,061,853	1,384,418	502,079	14,031,906
Other items						
Depreciation and amortization	183,833	51,577	26,631	34,669	15,426	312,138
Increase in property, plant and equipment and intangible assets	171,088	22,436	12,974	28,620	19,051	254,170

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	7,774,573	9,463,575
Intersegment eliminations	(1,070,603)	(1,460,191)
Sales stated in the Consolidated Financial Statements	6,703,970	8,003,384

(in thousands of yen)

Profit	Previous fiscal year	Current fiscal year
Reportable segment total	984,114	1,524,194
Intersegment eliminations	(66,351)	(102,504)
Operating income in the Consolidated Financial Statements	917,763	1,421,690

(in thousands of yen)

Assets	Previous fiscal year	Current fiscal year
Reportable segment total	12,281,367	14,031,906
Intersegment eliminations	(1,397,645)	(1,162,401)
Total assets in the Consolidated Financial Statements	10,883,722	12,869,504

(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	299,668	312,138	(14)	(14)	299,653	312,123
Increase in property, plant and equipment and intangible assets	365,733	254,170	-	-	365,733	254,170

[Related Information]

Previous fiscal year (April 1, 2012 to March 31, 2013)

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
3,624,951	1,077,258	1,223,011	778,747	6,703,970

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
3,453,899	699,180	177,311	297,664	50,663	4,678,718

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, 2013 to March 31, 2014)

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
4,105,003	1,569,175	1,478,853	850,352	8,003,384

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
3,395,933	794,534	206,464	364,274	77,169	4,838,376

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.

[Information on impairment of fixed assets by reportable segment]
Previous fiscal year (April 1, 2012 to March 31, 2013)
N/A

Current fiscal year (April 1, 2013 to March 31, 2014)

(in thousands of yen)

Japan	Taiwan	Hong Kong	China	Europe	Total
43,000	-	-	-	-	43,000

[Information on amortized and unamortized goodwill by reportable segment]
N/A

[Information on gain on negative goodwill by reportable segment]
N/A

(Per share information)

Item	Previous fiscal year (April 1, 2012 to March 31, 2013)	Current fiscal year (April 1, 2013 to March 31, 2014)
Net assets per share	431.94 yen	511.44 yen
Net income per share	31.24 yen	46.09 yen

Notes: 1. Information of diluted net income per share is omitted because of no issue of potential stocks.
2. Calculation of net earnings per share was based on the following numerators and denominators.

	Previous fiscal year (April 1, 2012 to March 31, 2013)	Current fiscal year (April 1, 2013 to March 31, 2014)
Net income (thousands of yen)	626,956	925,102
Amount not available for common shareholders (thousands of yen)	-	-
Net profit available for common stocks (thousands of yen)	626,956	925,102
Weighted-average number of common shares outstanding during the year (shares)	20,071,059	20,071,059

(Important subsequent events)
N/A

5. Non-consolidated financial statements

(1) Balance sheet

(in thousands of yen)

	As of March 31, 2013	As of March 31, 2014
Assets		
Current assets		
Cash and deposits	1,134,973	2,074,040
Notes receivable - trade	503,827	435,141
Accounts receivable - trade	1,027,396	1,014,213
Merchandise and finished goods	76,635	92,187
Raw materials and supplies	157,626	162,722
Prepaid expenses	16,160	16,605
Deferred tax assets	112,842	121,862
Accounts receivable - other	395,922	297,184
Other	3,037	6,060
Allowance for doubtful accounts	(860)	(709)
Total current assets	3,427,562	4,219,308
Non-current assets		
Property, plant and equipment		
Buildings, net	814,879	772,601
Structures, net	42,250	42,365
Machinery and equipment, net	208,386	236,341
Vehicles, net	10,727	11,986
Tools, furniture and fixtures, net	41,921	55,532
Land	2,317,036	2,274,036
Construction in progress	18,712	3,070
Total property, plant and equipment	3,453,913	3,395,933
Intangible assets		
Leasehold right	29,380	29,380
Software	13,100	10,815
Other	2,170	2,086
Total intangible assets	44,651	42,282
Investments and other assets		
Investment securities	332,591	405,090
Shares of subsidiaries and associates	687,935	687,935
Investments in capital	5	5
Claims provable in bankruptcy, claims provable in rehabilitation and other	15,388	-
Long-term prepaid expenses	1,388	890
Prepaid pension cost	-	25,976
Deferred tax assets	25,595	-
Other	56,176	56,498
Allowance for doubtful accounts	(15,388)	-
Total investments and other assets	1,103,691	1,176,397
Total non-current assets	4,602,256	4,614,613
Total assets	8,029,818	8,833,921

(in thousands of yen)

	As of March 31, 2013	As of March 31, 2014
Liabilities		
Current liabilities		
Notes payable - trade	414,943	453,774
Accounts payable - trade	145,624	163,442
Short-term loans payable	240,000	-
Accounts payable - other	137,823	218,351
Accrued expenses	40,592	49,837
Income taxes payable	185,660	272,204
Deposits received	19,498	11,120
Provision for bonuses	132,302	220,157
Provision for directors' bonuses	11,350	30,950
Notes payable - facilities	111,297	73,129
Other	4,066	4,477
Total current liabilities	1,443,159	1,497,445
Non-current liabilities		
Provision for retirement benefits	85,561	51,180
Deferred tax liabilities	-	25,972
Asset retirement obligations	3,379	3,388
Other	21,272	23,383
Total non-current liabilities	110,212	103,923
Total liabilities	1,553,372	1,601,369
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	4,800,000
Retained earnings brought forward	839,557	1,254,870
Total retained earnings	5,403,115	6,118,427
Treasury shares	(12)	(12)
Total shareholders' equity	6,443,603	7,158,916
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	32,842	73,635
Total valuation and translation adjustments	32,842	73,635
Total net assets	6,476,446	7,232,551
Total liabilities and net assets	8,029,818	8,833,921

(2) Statement of income

(in thousands of yen)

	Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Net sales	4,976,651	5,811,381
Cost of sales	1,940,527	2,154,258
Gross profit	3,036,123	3,657,123
Selling, general and administrative expenses	2,524,939	2,642,304
Operating income	511,183	1,014,819
Non-operating income		
Interest and dividend income	412,891	302,765
Foreign exchange gains	-	27,086
Other	23,023	24,132
Total non-operating income	435,914	353,985
Non-operating expenses		
Interest expenses	4,641	1,073
Foreign exchange losses	21,520	-
Other	698	196
Total non-operating expenses	26,860	1,269
Ordinary income	920,238	1,367,535
Extraordinary income		
Gain on sales of non-current assets	12	163
Surrender value of insurance	1,571	-
Total extraordinary income	1,584	163
Extraordinary losses		
Loss on sales of non-current assets	1,010	401
Loss on retirement of non-current assets	10,778	8,195
Impairment loss	—	43,000
Total extraordinary losses	11,788	51,597
Income before income taxes	910,034	1,316,100
Income taxes - current	392,400	360,000
Income taxes - deferred	21,698	20,006
Total income taxes	414,098	380,006
Net income	495,936	936,094

[Details of cost of sales]

		Previous fiscal year (April 1, 2012 to March 31, 2013)	Current fiscal year (April 1, 2013 to March 31, 2014)
Category	Note no	Amount (thousand yen)	Amount (thousand yen)
Product cost		1,575,659	1,734,338
Cost of goods		244,758	315,996
Repair cost		35,116	21,321
Cost of sales of raw materials		84,993	82,600
Total cost of sales		1,940,527	2,154,258

(3) Statement of changes in equity

Previous fiscal year (April 1, 2012 to March 31, 2013)

(in thousands of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
					General reserve	Retained earnings brought forward			
Balance at beginning of current period	594,142	446,358	446,358	63,557	3,900,000	1,104,190	5,067,747	(12)	6,108,235
Changes of items during period									
Provision of general reserve					600,000	(600,000)	—		—
Dividends of surplus						(160,568)	(160,568)		(160,568)
Net income						495,936	495,936		495,936
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	—	—	600,000	(264,632)	335,367	—	335,367
Balance at end of current period	594,142	446,358	446,358	63,557	4,500,000	839,557	5,403,115	(12)	6,443,603

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	51,574	51,574	6,159,810
Changes of items during period			
Provision of general reserve			—
Dividends of surplus			(160,568)
Net income			495,936
Net changes of items other than shareholders' equity	(18,731)	(18,731)	(18,731)
Total changes of items during period	(18,731)	(18,731)	316,635
Balance at end of current period	32,842	32,842	6,476,446

Current fiscal year (April 1, 2013 to March 31, 2014)

(in thousands of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings: General reserve	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	594,142	446,358	446,358	63,557	4,500,000	839,557	5,403,115	(12)	6,443,603
Changes of items during period									
Provision of general reserve					300,000	(300,000)	—		—
Dividends of surplus						(220,781)	(220,781)		(220,781)
Net income						936,094	936,094		936,094
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	—	—	300,000	415,312	715,312	—	715,312
Balance at end of current period	594,142	446,358	446,358	63,557	4,800,000	1,254,870	6,118,427	(12)	7,158,916

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	32,842	32,842	6,476,446
Changes of items during period			
Provision of general reserve			—
Dividends of surplus			(220,781)
Net income			936,094
Net changes of items other than shareholders' equity	40,793	40,793	40,793
Total changes of items during period	40,793	40,793	756,105
Balance at end of current period	73,635	73,635	7,232,551

6. Other

(1) Transfer of Directors

i) Newly appointed Directors

Name	New position	Current position
Toshiko NAKAGAWA	Director, Executive Operating Officer	Executive Operating Officer
Yutaka NISHIYAMA	Director (Outside Director)	-

*Please refer to the press release “Personnel changes regarding Directors” issued on May 9, 2014 for their brief personal histories.

ii) Retiring Director and Operating Officer

Name	New position	Current position
Yoshiro MIZOGUCHI	Director, Senior Managing Executive Officer	Director, Executive Operating Officer

iii) Scheduled date of transfer: June 20, 2014

(2) Reconsideration of plan to construct a new plant

We issued a press release on February 18, 2011 titled “Cancellation of the Plan to Construct the New Plant.” However, we hereby announce that it was a decided at a meeting of the board of directors today to reconsider the plan, as follows.

Overview of new plant whose construction is being reconsidered

Location:	3-chome, Kuiseminamishinmachi, Amagasaki-shi, Hyogo Prefecture
Site area:	14,214.88 square meters (Company land)
Aggregated functions:	Manufacturing and research and development

We will decide on other details in future.

* For details of the reason why we decided to reconsider the plan etc., please see the press release “Reconsideration of Plan to Construct a New Plant,” issued on May 9, 2014.