Financial Review for the Year Ended March 31, 2010

May 14, 2010

Company Name: MEC COMPANY LTD. Stock exchange listing Tokyo Stock Exchange
Stock Code No. 4971
Company URL http://www.mec-co.com/
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Date of General Meeting of Shareholders (Scheduled) June 23, 2010
Commencement Date of Dividend Payment (Scheduled) June 8, 2010
Date of Filing the Financial Report (Scheduled) June 24, 2009

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

1. Consolidated Results for the Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(1) Consolidated results of operations

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2010	6,098	(12.3)	798	(9.1)	804	(9.7)	713	148.0
Year ended March 31, 2009	6,954	(23.7)	878	(58.3)	733	(64.3)	287	(79.8)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2010	35.57	-	8.8	7.9	13.1
Year ended March 31, 2009	14.16	-	3.5	6.9	12.6

(Reference) Investment profit or loss according to the equity method:
Year ended March 31, 2010: - million yen
Year ended March 31, 2009: - million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2010	10,746	8,429	78.4	419.96
Year ended March 31, 2009	9,731	7,780	80.0	387.64

(Reference) Shareholder's equity:
Year ended March 31, 2010: 8,429 million yen
Year ended March 31, 2009: 7,780 million yen

(3)Consolidated 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, 2010	928	366	(241)	3,274
Year ended March 31, 2009	1,104	(1,067)	(458)	2,209

2. Dividends

	Cash dividends per share					Total cash dividends (Annual)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
(Record date)	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2009	-	8.00	-	8.00	16.00	323	113.0	3.9
Year ended March 31, 2010	-	4.00	-	4.00	8.00	160	22.5	2.0
Year ending March 31, 2011 (Estimated)	-	4.00	-	4.00	8.00		22.4	

3. Consolidated Forecast for the Year Ending March 31, 2011 (April 1, 2010 to March 31, 2011)

(% representing annual changes over the preceding year and changes over the quarter in the preceding year for the six months ending September.)

	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
Six months ending September 30, 2010	3,245	18.4	421	61.7	402	54.2	261	14.2	13.03
Year ending March 31, 2011	6,885	12.9	1,098	37.6	1,060	31.8	716	0.3	35.67

4. Other

(1) Changes of major subsidiary companies during the period (Change of specific subsidiary companies that involves changes in the scope of consolidation) No

(2) Changes in accounting principles, procedures, indicating methods, etc. relating to preparing of consolidated financial statements (Those mentioned in the changes of important items that form the basis for preparing consolidated financial statements)
1) Changes that accompany amendment of accounting standards, etc. Yes
2) Changes other than those of 1) Yes
[Note: For details, refer to page 15, "Basis of the presentation and summary ofsignificant accounting policies for the preparation of consolidated financial statements"]

(3) Number of shares outstanding (Common stock)
1) Number of shares outstanding (including treasury stock) issued as of:
March 31, 2010 20,371,392 shares March 31, 2009 20,371,392 shares
2) Number of shares of treasury stock:
March 31, 2010 300,133 shares March 31, 2009 300,033 shares
Note: In regard to the number of shares, which is the basis for calculating current net income (consolidated) per share, refer to page 29, "Information per share."

(References) Summary of Non-consolidated Results

1. Non-consolidated Results for the Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)
(1) Non-consolidated results of operations

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2010	4,512	(3.4)	105	-	419	-	482	-
Year ended March 31, 2009	4,673	(29.1)	(121)	-	(8)	-	11	(98.4)

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 31, 2010	24.06	-
Year ended March 31, 2009	0.59	-

(2)Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2010	8,504	5,892	69.3	293.60
Year ended March 31, 2009	6,733	5,561	82.6	277.08

Reference: Shareholder's equity:
Year ended March 31, 2010: 5,892 million yen
Year ended March 31, 2009: 5,561 million yen

2. Non-consolidated Forecast for the Year Ending March 31, 2011 (April 1, 2010 to March 31, 2011)

(% representing annual changes over the preceding year and changes over the quarter in the preceding year for the 6 months ending September.)

	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
Six months ending September 30, 2010	2,362	12.0	64	-	37	-	28	-	1.40
Year ending March 31, 2011	5,021	11.3	305	188.9	570	32.9	487	1.0	24.30

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

The business forecast is prepared based on information available as of the date of announcement of this data. It is possible that the actual business performance may differ from the business forecast due to various factors. For items relating to the business forecast, refer to page 4, "1. Analysis relating to results of operations."

1. Results of Operations

(1) Analysis of results of operations

[Outline of the current period]

During the current consolidated period, the world economy headed for recovery, with the economic stimulus measures of various countries proving successful. Business conditions in China in particular bottomed out and that country acted as the leading force in Asia. While the impact of the global financial crisis of the latter half of the year before last still remains, a trend towards recovery was also apparent in Japan, including the progress of inventory adjustment, exports due to the improvement of the global economy centered on China, and increases in production. However, because of advancing deflation and the lack of improvement in the employment and income environment, personal consumption remained sluggish and the country continued to be unable to dispel the sense of uncertainty over the future.

In the electronics industry, the upturn of sales of PCs and flat-screen TVs and new markets such as smart phones provided the driving force from the second half of the current consolidated period and the industry experienced a mild upturn in demand.

Despite such business conditions, the Company strived to develop new products of chemicals for advanced electronic boards, including chemicals for next-generation electronic boards, and for general-purpose electronic boards, which are optimized to suit specific demand characteristics in each market, and to increase sales. In new product development, we launched 14 new products during the current consolidated fiscal year. On the sales front, we achieved sales promotion results for chemicals for higher-reliability electronic boards particularly in China.

As a result of the above, although results picked up because of the recovery from the second half of the current consolidated fiscal year, we were unable to overcome the slackness of the first half and consolidated sales for the current consolidated fiscal year ended at ￥6,098 million, a decrease of 12.3% compared with the previous year. Consolidated operating profit was ￥798 million, a decrease of 9.1% compared with the previous year, consolidated ordinary profit was ￥804 million, an increase of 9.7% compared with the previous year, and consolidated net income for the current period was ￥713 million, an increase of 148.0% compared with the previous year.

[Prospects for the next year]

In regard to the outlook for the next fiscal term, we expect the mild recovery to continue due to the recovery of personal consumption and increases in capital investment in association with the improvement in corporate earnings, but we continue to be in an unpredictable situation, including risk related to the impact on the global economy and exchange rates of the Greek currency crisis.

Despite these business conditions, the Group will keep making the best use of its capacity to develop advanced technologies in contributing to our customers’ cost reductions and curbing its environmental burden through improving efficiency in electronic board processing processes. We will also keep striving to boost our competitiveness further through the utilization of the Group network that supports global markets, and we will keep making efforts to secure new orders particularly for new products with the aim of fortifying profitability.

(2) Analysis relating to the financial situation

[Analysis of the financial situation]

The financial position in the current consolidated fiscal year recorded total assets of ¥10,746 million, an increase of ¥1,015 million compared with the previous year. This was mainly due to an increase in notes and accounts receivable due to increased sales. Liabilities were ¥2,317 million, an increase of ¥366 million from the previous year, mainly as a result of an increase in notes and accounts payable. Net assets were ¥8,429 million, up ¥648 million year on year due to an increase in retained earnings. As a result, the equity ratio reached 78.4%.

[Analysis of cash flow]

As of the end of the current fiscal year, cash and cash equivalents (hereinafter, called “fund”) increased by ¥1,064 million compared with the previous year as net profit before taxes increased by ¥4 million year on year to ¥833 million and net paying out of time deposits of ¥646 million. As a result, the year-end fund balance came to ¥3,274 million.
Outlines of cash flow conditions and reasons for fluctuations for the current fiscal year are as follows:

[Cash flow by business activities]

The net fund provided by operating activities was ¥928 million, down ¥176 million over the previous year. This was mainly due to net profit before taxes of ¥833 million, an increase of ¥4 million compared to the previous year, depreciation and amortization of ¥328 million, and an increase in notes and accounts payable-trade of ¥217 million, which contributed to the increase in funds, but the increase in funds was partially offset by factors reducing funds that included an increase in notes and accounts payable of ¥590 million.

(Cash flow by investment activities)

The net fund provided by investing activities was ¥366 million, opposed to the use of ¥1,067 million the previous year. This was mainly due to net paying out of time deposits of ¥646 million although there were expenditures of ¥366 million for the acquisition of tangible fixed assets.

(Cash flow by financial activities)

The net fund used in financing activities was ¥241 million, a decrease of ¥216 million compared with the previous year. This was mainly due to dividends paid of ¥241 million.

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

The Company is committed to distributing retained earnings while carefully considering the necessity of reinvesting in businesses to enhance our corporate value in future and our consolidated business performance in this and future terms, while maintaining a consistently stable dividend payout to our stakeholders including stockholders in a comprehensive manner. To reinvest in our business activities, we plan to fund investments targeting future growth, including moves to strengthen R&D, increase production capacity, and reinforce our overseas business base with the aim of maintaining and increasing our competitiveness. In addition, we also strive to increase retained profits for establishing sound financial conditions in order to support continuous growth. Dividends will be paid reflecting the profits of this term according to the policy of a consistently stable dividend payout.
For fiscal 2009, we will distribute a year-end dividend of ¥4 per share, for a total annual dividend of ¥8 per share combined with the interim dividend paid of ¥4 per share.
For fiscal 2010, given the sense of uncertainty over future economic prospects, we will distribute an interim dividend of ¥4 per share and a year-end dividend of ¥4 per share, for a total annual dividend of ¥8 per share.

(4) Risks of business, etc.

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

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

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

2) Research and development expenses

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

We will strive to create new demand or enhance sales for new products, which are the outcome of our R&D investment. However, large R&D expenses could have a negative impact on our financial results if sales of new products are below our expectations.

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

3) Overseas operations

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

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

4) Foreign currency risk

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

5) Surging prices of crude oils and raw materials

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

Although we endeavor to implement cost-cutting measures including the alteration of raw materials and large-scale and lump-sum procurement, if raw material prices surge in future, our financial results could be negatively affected.

6) 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.

7) Environmental regulations

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

8) 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.

9) 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.

10) 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.

2. Situation of the Corporate Group

Since there is no change of the "Business System Chart (Business contents)" in the latest Securities Report (submitted by MEC COMPANY LTD. (4971) on June 24, 2009), disclosure is omitted.

3. Management Policy

(1) Basic management policy

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

Under these circumstances, we are using the competitiveness we enjoy in the domestic PCB industry to focus on expanding sales in the East Asian market, centered on China, Taiwan and South Korea, by taking maximum advantage of the unrivalled technological knowhow that we have accumulated to this point and putting new technology to practical use. Also, in regard to research and development, which is the basis of our competitiveness, we are further reinforcing our product development system to meet the needs of customers, including higher-density circuits and higher-reliability lines, with a basic approach of eliminating waste and lowering costs from the perspectives of the environment and energy saving. Moreover, along with strengthening our market response capabilities, including subsidiaries, we are developing new products that apply the copper surface treatment technology and metal surface treatment technology that are our forte to various applications.

(2) Targeted management indicators

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

(3) Medium-term company management strategies

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

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

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

ii) Handling of environment and energy-saving technology

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

iii) Handling of overseas markets

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

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

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

4. Financial Statements

(1) Consolidated balance sheet

(Unit: 1,000yen)

	As of March 31, 2009		As of March 31, 2010	
ASSETS				
Current assets:				
Cash and deposits		3,584,544		4,081,071
Notes and accounts receivable-trade		1,377,451		1,979,655
Short-term investment securities		50,000		-
Merchandise and finished goods		231,015		233,356
Raw materials and supplies		238,558		190,971
Deferred tax assets		38,074		121,768
Income taxes receivable		150,349		-
Other		64,478		47,894
Allowance for doubtful accounts		(11,626)		(10,215)
Total current assets		5,722,846		6,644,503
Non-current assets:				
Property, plant and equipment				
Buildings and structures		2,693,134		2,711,708
Accumulated depreciation		(1,304,122)		(1,413,547)
Buildings and structures, net	*1	1,389,012	*1	1,298,160
Machinery, equipment and vehicles		1,490,721		1,504,004
Accumulated depreciation		(1,031,013)		(1,164,365)
Machinery, equipment and vehicles, net	*1	459,707	*1	339,639
Tools, furniture and fixtures		531,159		547,659
Accumulated depreciation		(380,419)		(406,566)
Tools, furniture and fixtures, net		150,739		141,093
Land	*1	1,167,488	*1	1,182,290
Construction in progress		248,373		440,673
Total property, plant and equipment		3,415,321		3,401,857
Intangible assets				
Goodwill		14,212		7,254
Other		47,542		42,902
Total intangible assets		61,754		50,157
Investments and other assets				
Investment sevurities		381,297		530,054
Other		178,771		121,165
Allowance for doubtful accounts		(28,530)		(1,188)
Total investments and other assets		531,537		650,031
Total non-current assets		4,008,613		4,102,046
Total		9,731,460		10,746,550

(Unit: 1,000yen)

	As of March 31, 2009	As of March 31, 2010
LIABILITES		
Current liabilities:		
Notes and accouts payable-trade	392,210	612,499
Short-term loans payable	480,000	480,000
Accounts payable-other	149,240	227,756
Accrued expenses	29,210	38,088
Accrued income taxes	126,320	126,754
Reserve for bonuses	103,716	131,477
Other	123,825	87,539
Total current liabilities	1,404,523	1,704,116
Non-current liabilities:		
Deferred tax liabilities	427,002	445,276
Provision for retirement benefits	16,704	59,694
Other	102,827	108,390
Total non-current liabilities	546,534	613,361
Total	1,951,057	2,317,477
NET ASSETS		
Shareholders' equity:		
Capiral stock	594,142	594,142
Capiral surplus	446,358	446,358
Rerained earnings	7,424,761	7,897,763
Treasury stock	(92,677)	(92,740)
Total shareholders' equity	8,372,585	8,845,523
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	(4,714)	84,858
Foreign currency transtation and adjustment	(587,468)	(501,309)
Total valuation and transtation adjustment	(592,182)	(416,450)
Total net assets	7,780,402	8,429,072
Total liabilities and net assets	9,731,460	10,746,550

(2) Consolidated statement of income

(Unit: 1,000yen)

	Year ended March 31, 2009 From April 1, 2008 To March 31,2009		Year ended March 31, 2010 From Aril 1, 2009 To March 31, 2010	
Net sales		6,954,549		6,098,088
Costs of sales	*1	2,969,254	*1	2,366,050
Gross profit		3,985,294		3,732,037
Selling, general and administrative expenses	*2,*3	3,107,025	*2,*3	2,933,569
Operating income		878,268		798,468
Non-operating income				
Interest income		40,386		31,167
Dividends income		13,638		9,220
Gain on sales of investment securities		-		1,582
Rent income on facilities		11,522		-
Other		14,555		23,623
Non-operating income		80,103		65,593
Non-operating expenses				
Interest expenses		6,483		5,955
Loss on sales of securities		-		420
Loss on valuation of investment securities		148,534		574
Loss on abandonment of inventories		53,203		41,229
Rent expenses on facilities		1,391		-
Other		15,132		11,173
Non-operating expenses		224,745		59,352
Ordinary income		733,627		804,709
Extraordinary income				
Gain on sales of non-current assets	*4	1,404	*4	351
Surrender value of insurance		116,482		9,479
Reveral of allowance for doubtful accounts		-		7,219
Reversal of foreign currency translation adjustments		-		16,845
Extraordinary income		117,886		33,895
Extraordinary loss				
Loss on sales of non-current assets	*5	105	*5	1,822
Loss on retirement of non-current assets	*6	5,985	*6	2,982
Impairment loss	*7	15,997		-
Extraordinary loss		22,088		4,804
Income before income taxes		829,425		833,800
Income taxes-current		252,199		258,411
Income taxes-deferred		289,338		(138,468)
Income taxes		541,538		119,942
Net income		287,887		713,857

(3) Statements of changes in net assets

(Unit: 1,000 yen)

	Year ended March 31, 2009 From April 1, 2008 To March 31, 2009	Year ended March 31, 2010 From April 1, 2009 To March 31, 2010
Shareholders' equity		
Capital stock		
Balance at the end of previous period	594,142	594,142
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of currenst period	594,142	594,142
Capital surplus		
Balance at the end of previous period	446,358	446,358
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of currenst period	446,358	446,358
Retained earnings		
Balance at the end of previous period	7,503,558	7,424,761
Changes of items during the period		
Dividends from surplus	(366,684)	(240,856)
Net income	287,887	713,857
Total changes of items during the period	(78,796)	473,001
Balance at the end of currenst period	7,424,761	7,897,763
Treasury stock		
Balance at the end of previous period	(47)	(92,677)
Changes of items during the period		
Purchase of treasury stock	(92,629)	(63)
Total changes of items during the period	(92,629)	(63)
Balance at the end of currenst period	(92,677)	(92,740)
Total shareholders' equity		
Balance at the end of previous period	8,544,011	8,372,585
Changes of items during the period		
Dividends from surplus	(366,684)	(240,856)
Net income	287,887	713,857
Purchase of treasury stock	(92,629)	(63)
Total changes of items during the period	(171,426)	472,938
Balance at the end of currenst period	8,372,585	8,845,523

	Year ended March 31, 2009 From April 1, 2008 To March 31, 2009	Year ended March 31, 2010 From April 1, 2009 To March 31, 2010
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	94,013	(4,714)
Changes of items during the period		
Net changes of items other than shareholders' equity	(98,727)	89,572
Total changes of items during the period	(98,727)	89,572
Balance at the end of currenst period	(4,714)	84,858
Foreign currency translation adjustment		
Balance at the end of previous period	108,143	(587,468)
Changes of items during the period		
Net changes of items other than shareholders' equity	(695,611)	86,159
Total changes of items during the period	(695,611)	86,159
Balance at the end of currenst period	(587,468)	(501,309)
Total valuation and translation adjustments		
Balance at the end of previous period	202,156	(592,182)
Changes of items during the period		
Net changes of items other than shareholders' equity	(794,339)	175,732
Total changes of items during the period	(794,339)	175,732
Balance at the end of current period	(592,182)	(416,450)
Total net assets		
Legal capital surplus	8,746,167	7,780,402
Changes of items during the period		
Dividends from surplus	(366,684)	(240,856)
Net income (loss)	287,887	713,857
Purchase of treasury stock	(92,629)	(63)
Net changes of items other than shareholders' equity	(794,339)	175,732
Total changes of items during the period	(965,765)	648,670
Balance at the end of current period	7,780,402	8,429,072

(4) Consolidated statement of cash flow

(Unit: 1,000 yen)

	Year ended March 31, 2009 From April 30, 2008 To March 31,2009	Year ended March 31, 2010 From April 30, 2009 To March31, 2010
Cash flow from operating activities		
Income before income taxes	829,425	833,800
Depreciation and amortization	366,873	328,929
Impairment loss	15,997	-
Increase (decrease) in allowance for doubtful accounts	17,547	(28,967)
Increase (decrease) in provision for bonuses	(51,035)	27,760
Increase (decrease) in provision for retirement benefits	16,704	42,990
Interest and dividends income	(54,025)	(40,387)
Interest expenses	6,483	5,955
Insurance premium refunded cancellation	(116,482)	(9,479)
Loss (gain) on valuation of investment securities	148,534	574
Reversal of foregn currency translation adjustments (gain)	-	(16,845)
Decrease (increase) in notes and accounts receivable-trade	1,088,921	(590,751)
Decrease (increase) in inventories	(41,870)	54,156
Increase (decrease) in notes and accounts payable-trade	(506,732)	217,433
Other	(132,111)	189,487
Subtotal	1,588,230	1,014,658
Interest and debidends income received	52,497	39,111
Interset expenses paid	(6,424)	(5,545)
Income tax refund	-	151,941
Income tax paid	(529,401)	(271,610)
Net cash provided by (used in)operating activities	1,104,902	928,555
Cash flow from investment activities		
Payments into time deposits	(1,792,389)	(1,232,757)
Proceeds from withdrawal of time deposits	1,117,433	1,878,758
Purchase of property, plant and quipment	(584,067)	(334,576)
Proceeds from sales of property, plant and equipment	20,083	2,340
Purchase of intangible assets	(6,940)	(655)
Purchase of investment securities	(19,160)	(16,727)
Proceeds from sales of investment securities	-	30,921
Proceeds from maturity of insurance funds	214,394	37,357
Other	(16,928)	1,801
Net cash provided by (used in) investment activities	(1,067,574)	366,463
Cash flow from financing activities		
Increase in short-term loans payable	480,000	480,000
Decrease in short-term loans payable	(480,000)	(480,000)
Purchase of treasury stock	(92,629)	(63)
Cash dividends paid	(365,608)	(241,265)
Net cash provided by (used in) financing activities	(458,237)	(241,328)
Effect of exchange rate changeon cash and cash equipments	(161,590)	10,585
Net increase (decrease) in cash and cash equivalents	(582,501)	1,064,276
Cash and Cash equivalents at the bigining og the period	2,792,447	2,209,945
Cash and Cash equivalents at the end od the period	2,209,945	3,274,222

Notes to the going concern assumption
Not applicable

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

Item	From April 1, 2008 to March 31, 2009	From April 1, 2009 to March 31, 2010
1. Scope of Consolidation	The number of consolidated subsidiaries 6 Consolidated subsidiaries: MEC TAIWAN COMPANY LTD. MEC (HONG KONG) LTD. MEC FINE CHEMICAL (ZHUHAI) LTD. MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD. MEC EUROPE NV. MEC USA SPECIALTY PRODUCTS INC.	The number of consolidated subsidiaries 5 Consolidated subsidiaries: MEC TAIWAN COMPANY LTD. MEC (HONG KONG) LTD. MEC FINE CHEMICAL (ZHUHAI) LTD. MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD. MEC EUROPE NV. In the current consolidated fiscal year, we liquidated the consolidated subsidiary MEC USA SPECIALTY PRODUCTS INC. As a result, it is excluded from the scope of consolidated accounting.
2. Fiscal Year-End of Consolidated Subsidiaries	The fiscal year-end of all consolidated subsidiaries is December 31. In preparing the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year-end. For major intervening transactions that occurred between the fiscal year-end of those companies and March 31, appropriate adjustments have been made in the consolidated financial statements.	Same as fiscal year ended March 2009
3. Summary of Significant Accounting Policies		
(1) Basis and Methods of Valuation of Significant Assets	(1) Basis and method of valuation of marketable securities Other securities Securities with determinable market value: Stated at the market value method based on the quoted market prices at the end of the consolidated fiscal year Unrealized holding gains and losses are reported in a component of shareholders' equity, with the cost of securities sold being calculated by the moving-average method. Securities without determinable market value: Stated at cost based on the moving-average method (2)Derivatives Stated at the market value method (3) Basis and method of valuation of inventories (i) Goods, products (chemicals), raw materials, inventories of merchandise and supplies: Stated at cost based on the periodic average method (Book price devaluation based on the decrease in profitability of balance sheet values)	(1) Basis and method of valuation of marketable securities Other securities Securities with determinable market value: Same as fiscal year ended March 2009 Securities without determinable market value: Same as fiscal year ended March 2009 (2)Derivatives Same as fiscal year ended March 2009 (3) Basis and method of valuation of inventories (i) Goods, products (chemicals), raw materials, inventories of merchandise and supplies Stated at cost based on the periodic average method (Book price devaluation based on the decrease in profitability of balance sheet values)

Item	From April 1, 2008 to March 31, 2009	From April 1, 2009 to March 31, 2010
	(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) (Changes in accounting policies) Effective in the current consolidated fiscal year, the Company adopted Financial Standards Board Statement No. 9 “Accounting Standards for Valuation of Inventories” issued on July 5, 2006. The net effect of this change was to decrease the operating profit, ordinary profit, and net profit before taxes by ¥17,580 thousand, respectively, compared with the amount based on the previous accounting methods. The effects on segment information are described in the relevant notes.	(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 (Additional information) Previously, the life span of the Company’s machinery and equipment was set at periods of 4 to 12 years, but this has been changed to a period of 4 to 10 years from the fiscal year ended March 31, 2008. This change is due to the revision of the status of use, etc, of assets, taking the opportunity of the amendment of the Corporation Tax Law. The net effect of this change was to increase depreciation expenses by ¥12,821 thousand and to decrease the operating profit, ordinary profit, and net profit before taxes by ¥12,332 thousand, respectively, compared with the amount based on the previous accounting methods.	(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	(2) Intangible Assets Same as fiscal year ended March 2009

Item	From April 1, 2008 to March 31, 2009	From April 1, 2009 to March 31, 2010
(3) Method of Accounting for Significant Allowances	(1) Allowance for Doubtful Accounts The Company provides allowance for doubtful accounts in an amount sufficient to cover probable losses on collection. Provision for normal receivables is calculated by using the actual percentage of credit losses, while for certain identified doubtful receivables, recoverability is assessed separately to estimate the uncollectible amount. Overseas subsidiaries compute allowances mainly based on an individual estimate of certain identified doubtful receivables that may not be recoverable.	(1) Allowance for Doubtful Accounts Same as fiscal year ended March 2009
	(2) Allowance for Bonuses The Company provides allowance for bonuses for employees based on the estimated amount of payment in the current consolidated year.	(2) Allowance for Bonuses Same as fiscal year ended March 2009
	(3) Allowance for retirement benefit The Company provides allowance for retirement benefit in the amount to be recognized on the consolidated balance sheet date based on the estimated amount of the projected benefit obligation and the fair value of plan assets at the end of the current consolidated fiscal year. For executive officers not directors, pursuant to the Company's regulations for retirement benefit for executive officers, 100% of the estimated payment amount on the consolidated balance sheet date is recognized. The Company adopts a defined benefit pension plan operated by multi-employers for the total balance of our retirement scheme except for those provided based on the regulations of retirement benefit for executive officers. Prior service costs are amortized by the straight-line method over a certain period within the average estimated remaining service period of employees, which is 10 years, at the time of occurrence. Actuarial differences are amortized by the declining-balance method over a certain period within the average estimated remaining service period of employees at the time of occurrence of each year, which is 10 years, beginning from the following fiscal year.	(3) Allowance for retirement benefit Same as fiscal year ended March 2009

Item	From April 1, 2008 to March 31, 2009	From April 1, 2009 to March 31, 2010
		(Changes in accounting policies) Effective in the current consolidated accounting year, the Company adopted Financial Standards Board Statement No. 19 "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" issued on July 31, 2008. There will be no effect due to this change on operating profit, ordinary profit and net profit before taxes because the difference will be amortized in accounting from the following fiscal year In addition, the outstanding balance of the difference of retirement benefit liabilities generated in association with the application of this accounting standard is ¥50,678 thousand.
(4) Basis of translation of significant assets and liabilities denominated in foreign currencies into Japanese yen	Monetary receivables and payables denominated in foreign currencies are translated into yen using the prevailing spot exchange rate at the consolidated balance sheet date and any exchange differences are accounted for profit or loss. Assets, liabilities and profit and loss of overseas subsidiaries are translated into yen using the prevailing spot rate at the balance sheet date of subsidiaries.	Monetary receivables and payables denominated in foreign currencies are translated into yen using the prevailing spot exchange rate on the consolidated balance sheet date and any exchange differences are accounted for as profit or loss. Assets and liabilities of overseas subsidiaries are translated into yen at the prevailing spot rate at the balance sheet date of subsidiaries. The profit and loss of consolidated subsidiaries are translated into yen at the average spot rate during the period and any exchange differences are recorded as foreign currency translation and adjustment under net assets. (Changes in accounting policies) The company previously translated profit and loss on the financial statements of overseas subsidiaries into yen at the prevailing spot rate at the balance sheet date of subsidiaries. However, from the current consolidated accounting year, the Company has changed to a method translating into yen based on the average spot rate during the period. This change was made in association with the increasing importance in recent years of the profit and loss of overseas subsidiaries in order to screen out temporary changes in spot rates and reflect the periodic profit and loss of overseas subsidiaries more appropriately in the consolidated financial statements by averaging out the impact on periodic profit and loss of changes in spot rates. The net effect of this change was to increase sales by ¥3,026 thousand, the operating profit by ¥87 thousand, ordinary profit by ¥25 thousand, and net profit before taxes by ¥311 thousand, respectively, compared with the amounts based on the previous accounting methods. The effects on segment information are described in the relevant notes.

Item	From April 1, 2008 to March 31, 2009	From April 1, 2009 to March 31, 2010
(5) Other significant matters for the preparation of consolidated financial statements	Accounting of consumption taxes Consumption taxes are excluded from the revenue and expense accounts which are subject to taxes.	Accounting of consumption taxes Same as fiscal year ended March 2009
4. Valuations of assets and liabilities of consolidated subsidiaries	The Company adopts the full fair value methods, in which all assets and liabilities including those of minority interests are valued at mark-to-market when the Company acquired the control of subsidiaries.	Same as fiscal year ended March 2009
5. Amortization of goodwill and negative goodwill	Goodwill and negative goodwill are amortized over five years using the straight-line method.	Same as fiscal year ended March 2009
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.	Same as fiscal year ended March 2009

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

From April 1, 2008 to March 31, 2009	From April 1, 2009 to March 31, 2010
(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements) Effective in the current consolidated fiscal year, we applied the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements” (Practical Issue Task Force (PITF) No. 18, May 17, 2006). The net effect of this change was to decrease the operating profit, ordinary profit and net profit before taxes by ¥13,365 thousand, respectively, compared with the amount based on the previous accounting methods.	———

Changes in presentation

From April 1, 2007 to March 31, 2009	From April 1, 2008 to March 31, 2010
(Consolidated Balance Sheet) “Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 50, August 7, 2008) has been applied. In line with the application, the section of “Inventories” in the previous consolidated fiscal year was separately reported as “Goods and products” and “Raw materials and supplies,” effective in the current consolidated fiscal year. In the previous consolidated fiscal year, “Goods and products” and “Raw materials and supplies,” which were included in “Inventories,” were ¥245,230 thousand and ¥251,024 thousand, respectively.	———

Notes to Consolidated Financial Statements

(Notes to consolidated balance sheet)

<table>
<tr><th>Year ended March 31, 2009</th><th>Year ended March 31, 2010</th></tr>
<tr><td>*1 Assets pledged in collateral (Thousands of yen)
Building and structures 38,699
Machinery, equipment, and vehicles 19,762
Land 26,883
Total 85,345
There is no obligation corresponding to the above pledged assets.</td><td>*1 Assets pledged in collateral (Thousands of yen)
Building and structures 31,344
Machinery, equipment, and vehicles 12,685
Land 27,719
Total 71,749
There is no obligation corresponding to the above pledged assets.</td></tr>
</table>

(Notes to consolidated statements of profit and loss)

<table>
<tr><th>From April 1, 2008 to March 31, 2009</th><th>From April 1, 2009 to March 31, 2010</th></tr>
<tr><td>*1 The inventories at the fiscal year end are the amounts after write-down of book value as a result of decrease in profitability and loss on valuation of inventories of ¥20,821 thousand is included in costs of sales.
*2 Breakdown of selling, general, and administrative expenses: (Thousands of yen)
Salaries and bonuses 714,635
Research and development expenses 802,524
Packing and transportation expenses 379,958
Provision for allowance for bonuses 54,336
*3 Research and development expenses included in general expenses were ¥802,524 thousand.
*4 Breakdown of profit on sale of fixed assets is as follows:
Machinery, equipment, and vehicles ¥1,404 thousand
*5 Breakdown of loss on sale of fixed assets is as follows: (Thousands of yen)
Machinery, equipment, and vehicles 100
Tools, furniture, and fixtures 4
Total 105
*6 Breakdown of loss on disposal of fixed assets is as follows: (Thousands of yen)
Buildings and structures 258
Machinery, equipment, and vehicles 4,674
Tools, furniture, and fixtures 686
“Other” in investment and other assets 366
Total 5,985
*7 In this consolidated fiscal year, the MEC Group recorded impairment loss for the following asset group.
<table><tr><th>Place</th><th>Use</th><th>Type</th></tr><tr><td>Suzhou, Jiangsu, People’s Republic of China</td><td>Factory asset</td><td>Buildings and structures
Machinery and equipment
Tools, furniture, and fixtures
Estimated amounts such as restoration costs
Others</td></tr></table>A MEC Group company, MEC CHINA SPECIALITY PRODUCTS (SUZHOU) CO., LTD., recorded impairment loss (¥15,997 thousand) as extraordinary loss as a result of their factory relocation. The</td><td>*1 The inventories at the fiscal year end are the amounts after write-down of book value as a result of decrease in profitability and loss on valuation of inventories of ¥17,188 thousand is included in costs of sales.
*2 Breakdown of selling, general, and administrative expenses: (Thousands of yen)
Salaries and bonuses 704,543
Research and development expenses 788,101
Packing and transportation expenses 347,037
Provision for allowance for bonuses 70,072
*3 Research and development expenses included in general expenses were ¥788,101 thousand.
*4 Breakdown of profit on sale of fixed assets is as follows:
Machinery, equipment, and vehicles ¥388 thousand
Tools, furniture, and fixtures ¥13 thousand
Total ¥353thousand
*5 Breakdown of loss on sale of fixed assets is as follows: (Thousands of yen)
Machinery, equipment, and vehicles 1,434
Tools, furniture, and fixtures 387
Total 1,822
*6 Breakdown of loss on disposal of fixed assets is as follows: (Thousands of yen)
Machinery, equipment, and vehicles 2,085
Tools, furniture, and fixtures 888
“Other” in investment and other assets 8
Total 2,982
—————</td></tr>
</table>

breakdown of the impairment loss is ¥7,463 thousand for buildings and structures, machinery and equipment, and tools, furniture, and fixtures, ¥6,798 thousand for estimated amounts such as restoration costs, and ¥1,735 thousand for others. The recoverable amount for the asset is calculated based on the net selling price at disposition, which is evaluated and recorded at zero because of the difficulty associated with sale, etc. of the factory assets.	

(Notes to Consolidated Statements of Changes in Net Assets)

From April 1, 2008 to March 31, 2009

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

	Number of shares at the end of the previous fiscal year	Increase in number of shares during the fiscal year	Decrease in number of shares during the fiscal year	Number of shares at the end of the fiscal year
Shares issued				
Common stock	20,371,392	-	-	20,371,392
Total	20,371,392	-	-	20,371,392
Treasury stock				
Common stock	33	300,000	-	300,033
Total	33	300,000	-	300,033

(Note) The increase in the number of common stock held in treasury stock of 300,000 shares was due to acquisition of treasury shares based on a resolution made at the Board of Directors meeting.

2. Dividends

(1) Amount of dividends paid

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Dividend per share (Yen)	Date of record	Effective date
Regular meeting of the Board of Directors on May 21, 2008	Common stock	203,713	10	March 31, 2008	June 9, 2008
Regular meeting of the Board of Directors on October 31, 2008	Common stock	162,970	8	September 30, 2008	December 2, 2008

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

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Source of dividends	Dividend per share (Yen)	Date of record	Effective date
Regular meeting of the Board of Directors on May 22, 2009	Common stock	160,570	Retained earnings	8	March 31, 2009	June 8, 2009

From April 1, 2009 to March 31, 2010

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

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

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

2. Dividends

(1) Amount of dividends paid

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

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

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

(Notes to consolidated statement of cash flow)

From April 1, 2008 to March 31, 2009	From April 1, 2009 to March 31, 2010
Reconciliation of cash and cash equivalents at the end of the fiscal year with the consolidated balance sheet accounts (Thousands of yen) Cash and deposits 3,584,544 Marketable securities 50,000 Total 3,634,544 Less: Time deposits with maturities extending over three months (1,424,598) Cash and cash equivalent 2,209,945	Reconciliation of cash and cash equivalents at the end of the fiscal year with the consolidated balance sheet accounts (Thousands of yen) Cash and deposits 4,081,071 Less: Time deposits with maturities extending over three months (806,849) Cash and cash equivalent 3,274,222

(Omission of disclosure)

The Company has omitted notes on transactions of financial instruments, securities and derivatives because their disclosure in this financial review is not considered necessary.

(Retirement benefit)
Fiscal year ended March, 2009

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

(Thousands of yen)

1) Funded status of the whole scheme as of March 31, 2008

Plan assets	52,428,022
Benefit obligation based on the calculation of pension financing in the scheme	54,440,432
Net amount	(2,012,410)

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

(From April 1, 2007 to March 31, 2008)	1.107%

3) Supplemental information
The net amount in 1) above was mainly due to a prior service obligation in pension financing of ¥2,988,728 thousand and retained earnings of ¥976,318 thousand. The scheme amortizes prior service cost over 18 years by equal payment. The Company expensed a special contribution of ¥4,974 thousand in the current consolidated financial statement.
The percentage of the Company’s salaries in 2) above did not match the percentage of actual contribution.

2. Retirement benefit obligation and its breakdown

As of March 31, 2009	
(1) Retirement benefit obligation	(870,472)
(2) Plan asset	493,869
(3) Unfunded projected benefit obligation (1) + (2)	(376,602)
(4) Unrecognized actuarial gain and loss	213,549
(5) Unrecognized prior service cost	146,348
(6) Allowance for retirement benefit	(16,704)

3. Breakdown of retirement benefit obligation

As of March 31, 2009	
(1) Service cost	67,733
(2) Interest cost on projected benefit obligations	15,081
(3) Expected return on plan assets	(10,900)
(4) Actuarial gain and loss	18,278
(5) Amortization of prior service cost	18,883
Sub total	109,076
(6) Contribution to Employees’ Pension Fund	27,664
(7) Contribution to defined contribution plans of consolidated subsidiaries	11,245
Total retirement benefit obligation	147,986

4. Basis of calculation of retirement benefit obligation

	As of March 31, 2009
(1) Assumed discount rate	2.0%
(2) Expected rate of return	2.0%
(3) Periodical allocation of estimated retirement benefits	Allocated to each period by the straight-line method
(4) Amortization of actuarial gain and loss	Amortized over 10 years from the year following that of the occurrence by the declining-balance method
(5) Amortization of prior service cost	Amortized over 10 years from the year of the occurrence by the straight-line method

Fiscal year ended March 2010

1. Outline of retirement benefit scheme applied

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

In addition to the above scheme, the Company is a member of the Employees' Pension Fund of the Japan Print Circuit Association, which is a scheme to be accounted for the exceptions provided by Section 33 of the Implementation Guideline for Retirement Benefit Accounting. The scheme operated by multi-employers which accounts the required amount of contribution for retirement benefit expenses is comprised as follows:

1) Funded status of the whole scheme as of March 31, 2009 (Thousands of yen)

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

2) Percentage of the Company's salaries of the whole scheme (From April 1, 2008 to March 31, 2009) 1.211%

3) Supplemental information

The net amount in 1) above was mainly due to a prior service obligation in pension financing of ¥2,659,378 thousand and retained earnings of ¥12,125,086 thousand. The scheme amortizes prior service cost over 18 years by equal payment. The Company expensed a special contribution of ¥5,244 thousand in the current consolidated financial statement.

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

2. Retirement benefit obligation and its breakdown

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

3. Breakdown of retirement benefit obligation

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

(Thousands of yen)

4. Basis of calculation of retirement benefit obligation

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

(Deferred tax accounting)

As of March 31, 2009		As of March 31, 2010	
1. Breakdown of deferred tax assets and deferred tax liabilities by major causes of occurrence:		1. Breakdown of deferred tax assets and deferred tax liabilities by major causes of occurrence:	
Current Assets		Current Assets	
(Deferred tax assets)		(Deferred tax assets)	
(Thousands of yen)		(Thousands of yen)	
Allowance for bonuses	42,140	Allowance for bonuses	53,419
Social insurance premiums	5,088	Social insurance premiums	7,488
Other	6,767	Unrealized income on inventory assets	7,155
Total deferred tax assets	53,996	Carry forward of foreign tax credits	44,400
(Deferred tax liabilities)		Other	9,305
Business tax receivables	14,864	Total deferred tax assets	121,768
Other	1,056	Fixed Assets	
Total deferred tax liabilities	15,921	(Deferred tax assets)	
Deferred tax assets, net	38,074	Retirement benefit payable for directors and corporate auditors	17,296
Fixed Assets		Allowance for retirement benefit	24,254
(Deferred tax assets)		Sales promotion expenses	20,406
Retirement benefit payable for directors and corporate auditors	17,296	Carry forward of foreign tax credits	129,241
Investment securities	8,038	Other	9,364
Carry forward of net losses	58,327	Sub total	200,563
Sales promotion expenses	28,153	Valuation allowance	(91,063)
Allowance for retirement benefit	6,787	Total deferred tax assets	109,500
Other	13,102	(Deferred tax liabilities)	
Sub total	131,705	Evaluation gains on other marketable securities	90,995
Valuation allowance	(75,907)	Retained earnings of overseas subsidiaries	463,378
Total deferred tax assets	55,797	Other	402
(Deferred tax liabilities)		Total deferred tax liabilities	554,776
Evaluation gains on other marketable securities			

18,624 Retained earnings of overseas subsidiaries 463,665 Other 510 Total deferred tax liabilities 482,800 Deferred tax liabilities, net 427,002 2. Breakdown of major causes of differences between the effective statutory rate and rates of income taxes after application of deferred tax accounting: Effective statutory rate 40.6% (Reconciliation) Permanent difference including entertainment and social expenses 0.1% Inhabitant tax on per capita basis 0.2% Overseas withholding taxes 2.6% Tax on undistributed profits of overseas subsidiaries 3.2% Tax benefits on new establishment of overseas subsidiaries (7.5%) Retained earnings of overseas subsidiaries 23.5% Dividends payment from overseas subsidiaries 15.1% Increase (decrease) in valuation allowance 4.0% Unrecognized deferred tax asset or liability relating to unrealized profit 2.1% Differences from overseas taxation (19.4%) Other 0.8% Rates of income taxes after application of deferred tax accounting 65.3%	Deferred tax liabilities, net 445,276 2. Breakdown of major causes of differences between the effective statutory rate and rates of income taxes after application of deferred tax accounting: Effective statutory rate 40.6% (Reconciliation) Permanent difference including entertainment and social expenses 0.4% Inhabitant tax on per capita basis 0.2% Special tax deductions on research and development costs (1.2%) Foreign tax deductions (17.4%) Tax on undistributed profits of overseas subsidiaries 6.0% Tax benefits on new establishment of overseas subsidiaries (1.1%) Increase (decrease) in valuation allowance 1.8% Unrecognized deferred tax asset or liability relating to unrealized profit (2.1%) Differences from overseas taxation (13.6%) Other 0.8% Rates of income taxes after application of deferred tax accounting 14.4%

(Segment information)

a. Information by operating segment

Information by operating segment for the consolidated fiscal years ended March 31, 2008 and March 31, 2009, has been omitted because the Company is a manufacturer specializing in PCB related products and operates manufacturing and sales of chemicals, machinery, equipment and grinding materials that belong to the same segment.

b. Information by geographical segment

From April 1, 2008 to March 31, 2009

(Thousands of yen)

	Japan	Asia	Europe	Other	Total	Elimination or corporate	Consolidated
I Sales and operating income							
Sales							
(1) Outside customers	3,774,590	2,618,404	561,554	-	6,954,549	-	6,954,549
(2) Inter-segment sales and transfers	898,793	1,324	-	-	900,117	(900,117)	-
Total	4,673,383	2,619,728	561,554	-	7,854,666	(900,117)	6,954,549
Operating expenses	4,245,052	1,664,884	541,640	509	6,452,087	(375,806)	6,076,280
Operating profit/(loss)	428,330	954,844	19,914	(509)	1,402,579	(524,310)	878,268
II Assets	4,991,841	3,863,374	357,820	2,310	9,215,346	516,113	9,731,460

(Notes)

1. Method of classifying geographical segments and countries and regions included in each segment
   Method of classifying geographical segments: Classified on the basis of geographical proximity
   Countries and regions included in each segment:
   Asia: Taiwan, Hong Kong and China

Europe: Belgium
Other: the United States

2. With regard to operating expenses, non-allocated operating expenses of ¥550,137 thousand were included in the “Elimination or corporate” segment and mainly expenses for the administrative section of the Company.
3. With regard to assets, the corporate assets of ¥1,650,941 were included in the “Elimination or corporate” segment and comprised mainly investment of surplus funds (cash, deposit and securities), long-term investment (investment securities and insurance reserve fund) and assets related to the administrative section of the Company.
4. As a result of us recording an impairment loss of ¥15,997 thousand for the current consolidated fiscal year, assets in the “Asian” segment decreased by ¥9,198 thousand.
5. Changes in accounting policies

(Accounting Standards for Measurement of Inventories)

As mentioned in 3.(1) (iii) of the “Basis of presentation and summary of significant accounting policies for the preparation of consolidated financial statements,” effective from the current consolidated fiscal year, we have applied “Accounting Standards for Measurement of Inventories” (the Accounting Standard Board Statement No. 9, July 5, 2006). The effects of this change were to reduce operating profits in the “Japan” segment by ¥11,583 thousand, in the “Asian” segment by ¥3,700 thousand, and in the “Europe” segment by ¥3,269 compared with the case in which those amounts are recorded in the previous method.

(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements) As mentioned in the “changes of important items that form the basis for preparing consolidated financial statements,” effective in the current consolidated fiscal year, we applied the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements” (Practical Issues Task Force (PITF) No. 18, May 17, 2006). The effects of this change were to decrease operating profits in the “Asian” segment by ¥13,365 thousand compared with the case in which those amounts are recorded in the previous method.

6. Additional information

As mentioned in 3.(2) (i) of the “Basis of presentation and summary of significant accounting policies for the preparation of consolidated financial statements,” previously the life span of the Company’s machinery and equipment was set at periods of 4 to 12 years, but this was changed to a period of 4 to 10 years from the current consolidated fiscal year. This change is due to the revision of the status of use, etc, of assets, taking the opportunity of the amendment of the Corporation Tax Law.
The effects of this change were to reduce operating profits in the “Japan” segment by ¥12,332 thousand compared with the case in which those amounts are recorded in the previous method.

From April 1, 2009 to March 31, 2010

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

(Notes)

1. Method of classifying geographical segments and countries and regions included in each segment
Method of classifying geographical segments: Classified on the basis of geographical proximity
Countries and regions included in each segment:
Asia: Taiwan, Hong Kong and China
Europe: Belgium
Other: the United States
2. With regard to operating expenses, non-allocated operating expenses of ¥501,961 thousand were included in the “Elimination or corporate” segment and were mainly expenses for the administrative section of the Company.
3. With regard to assets, the corporate assets of ¥2,910,237 were included in the “Elimination or corporate” segment and comprised mainly investment of surplus funds (cash deposits), long-term

investment (investment securities) and assets related to the administrative section of the Company.

4. Changes in accounting policies

(Change in the translation method for the profit and loss of overseas consolidated subsidiaries)

As mentioned in 3.(4) of the “Basis of presentation and summary of significant accounting policies for the preparation of consolidated financial statements,” the Company previously translated profit and loss of overseas consolidated subsidiaries into yen at the prevailing spot rate at the balance sheet date of the subsidiaries, but from the current consolidated accounting year, the Company has changed to a method translating into yen based on the average spot rate during the period.

The net effect of this change was to increase sales in the “Asia” segment by ¥7,851 thousand and decrease sales in the “Europe” segment by ¥4,825 thousand, and to increase operating profit in the “Asia” segment by ¥78 thousand and in the “Europe” segment by ¥73 thousand, and the “Elimination or corporate” segment by ¥4 thousand, respectively, and to decrease the “Other” segment by ¥68 thousand compared with the amounts based on the previous accounting methods.

c. Overseas sales

From April 1, 2008 to March 31, 2009

	Asia	Europe	Other	Total
I Overseas sales (thousands of yen)	2,757,718	507,374	27,174	3,292,267
II Consolidated sales (thousands of yen)				6,954,549
III Percentage of overseas sales to consolidated sales (%)	39.7	7.3	0.3	47.3

(Notes)

1. Method of classifying geographical segments and countries and regions included in each segment
   Method of classifying geographical segments: Classified on the basis of geographical proximity
   Countries and regions included in each segment:
   Asia: Taiwan, Hong Kong, China and Singapore
   Europe: Germany, Spain and Italy
   Other: the United States and Mexico
2. Overseas sales are sales of the Company and its consolidated subsidiaries which were transacted in countries and regions outside of Japan.

From April 1, 2009 to March 31, 2010

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

(Notes)

1. Method of classifying geographical segments and countries and regions included in each segment
   Method of classifying geographical segments: Classified on the basis of geographical proximity
   Countries and regions included in each segment:
   Asia: Taiwan, China, Philippine and Singapore
   Europe: Germany, Italy, France and Austria
   Other: the United States and Mexico
2. Overseas sales are sales of the Company and its consolidated subsidiaries which were transacted in countries and regions outside of Japan.
3. Changes in accounting policies
   (Change in the translation method for the profit and loss of overseas consolidated subsidiaries)
   As mentioned in 3.(4) of the “Basis of presentation and summary of significant accounting policies for the preparation of consolidated financial statements,” the Company previously translated profit and loss of overseas consolidated subsidiaries into yen at the prevailing spot rate at the balance sheet date of the subsidiaries, but from the current consolidated accounting year, the Company has changed to a method translating into yen based on the average spot rate during the period.
   The net effect of this change was to increase sales in the “Asia” segment by ¥7,497 thousand and to decrease sales in the “Europe” segment by ¥4,362 thousand, and in the “Other” segment by ¥107 thousand, and to increase consolidated sales by ¥3,026 thousand compared with the amounts based on the previous accounting methods.

(Per share information)

Item	From April 1, 2008 to March 31, 2009	From April 1, 2009 to March 31, 2010
Net assets per share	¥387.64	¥419.96
Net income per share	¥14.16	¥35.57
	Information of diluted net income per share is omitted because of no issue of potential stocks.	Information of diluted net income per share is omitted because of no issue of potential stocks.

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

	From April 1, 2008 to March 31, 2009	From April 1, 2009 to March 31, 2010
Net profit (thousands of yen)	287,887	713,857
Amount not available for common shareholders (thousands of yen)	-	-
Net profit available for common stocks (thousands of yen)	287,887	713,857
Weighted-average number of common shares outstanding during the year (shares)	20,325,205	20,071,317

(Important subsequent events)
Not applicable

5. Non-consolidated Financial Statements

(1) Balance Sheet

(Unit: 1,000 yen)

	As of March 31, 2009	As of March 31, 2010
ASSETS		
Current assets		
Cash and deposits	1,490,841	2,758,841
Notes receivable-trade	238,118	315,630
Accounts receivable-trade	680,338	1,162,403
Short-term investment securities	50,000	-
Merchandise and finished goods	64,466	86,274
Raw materials and supplies	123,071	92,372
Prepaid expenses	7,153	7,417
Deferred tax assets	34,233	111,924
Accounts recievable-other	327,365	341,298
Corporate tax receivable,etc	150,349	-
Other	5,926	4,197
Allowance for doubtful accounts	(4,380)	(5,410)
Total current assets	3,167,485	4,874,951
Non-current assets		
Property, plant and equipment :		
Buildings	1,793,286	1,793,286
Accumulated depreciation	(986,800)	(1,037,860)
Buildings (net)	806,485	755,425
Structures	160,364	161,414
Accumulated depreciation	(114,572)	(119,796)
Structures (net)	45,792	41,618
Machinery and equipment	1,126,560	1,138,898
Accumulated depreciation	(807,406)	(910,565)
Machinery and equipment (net)	319,153	228,332
Vehicles	53,154	52,994
Accumulated depreciation	(37,948)	(39,442)
Vehicles (net)	15,205	13,552
Tools, furniture and fixtures	368,421	352,430
Accumulated depreciation	(291,858)	(292,880)
Tools, furniture and fixtures (net)	76,562	59,550
Land	725,036	725,036
Construction in progress	248,373	439,007
Total property, plant and equipment	2,236,610	2,262,522
Intangible assets :		
Leasehold right	29,380	29,380
Software	15,610	11,100
Other	2,506	2,422
Total intangible assets	47,496	42,902

	As of March 31, 2009	As of March 31, 2010
Investments and other assets :		
Investment securities	381,297	530,054
Stocks of subsidiaries and affiliate	687,983	687,983
Invesrments in capital	55	55
Long-term loans receivable from employees	1,279	804
Long-term loansrecivable from subsidiaries and affiates	84,000	-
Claims provable in bankruptcy, claims provable in rehabilitation and other	47,068	59
Long-term prepaid expenses	467	1,037
Deferred tax assets	93,645	17,877
Other	114,323	86,578
Allowance for doubtful accounts	(127,713)	(59)
Total investments and other assets	1,282,406	1,324,389
Total non-current assets	3,566,512	3,629,815
Total assets	6,733,998	8,504,766
LIABILITIES		
Current liabilities :		
Notes payable-trade	259,033	378,937
Accounts payable-trade	78,579	200,865
Short-term loans payable	480,000	539,950
Accounts payable-other	80,684	177,627
Accrued expenses	24,792	37,238
Accrued income taxes	-	5,949
Deposits received	9,976	15,000
Reserve for bonuses	103,716	131,477
Notes payable-facilities	70,416	16,113
Other	217	449
Total current liabilities	1,107,417	1,503,608
Non-current liabilities：		
Long-term loans payable to affiliates	-	1,000,000
Reserve for retirement benefits	16,704	59,694
Other	48,484	48,492
Total non-current liabilities	65,188	1,108,187
Total Liabilities	1,172,606	2,611,796

	As of March 31, 2009	As of March 31, 2010
NET ASSETS		
Shareholders' equity:		
Capital stock	594,142	594,142
Capital surplus		
Legal capital surplus	446,358	446,358
Total capital surplus	446,358	446,358
Retained earnings		
Legal retained earnings	63,557	63,557
Other retained earnings		
General reserve	4,300,000	4,300,000
Retained earnings brought forward	254,725	496,793
Total retained earnings	4,618,282	4,860,351
Treasury stock	(92,677)	(92,740)
Total shareholders' equity	5,566,106	5,808,112
Valiation and translation adjustments:		
Valiation difference on available-for-sale securities	△4,714	84,858
Total valiation and translation adjustments	△4,714	84,858
Total net assets	5,561,392	5,892,970
Total liabilities and net assets	6,733,998	8,504,766

(2) Statement of income

(Unit: 1,000 yen)

	Year ended March 31, 2009 From April 1, 2008 To March 31, 2009	Year ended March 31, 2010 From April 1, 2009 To March 31, 2010
Net Sales		
Net sales of finished goods	3,895,634	3,752,383
Net sales of goods	409,579	359,974
Other sales	368,169	400,199
Net sales	4,673,383	4,512,556
Costs of sales		
Cost of finished goods sold		
Beginning finished goods	84,881	63,265
Purchase of finished goods	336,367	150,845
Cost of products manufactured	1,402,157	1,343,791
Transfer from other account	1,007	3,216
Total	1,824,415	1,561,119
Finished goods transfer to other account	28,611	7,181
Ending finished goods	63,265	84,865
Cost of finished goods sold	1,732,537	1,469,073
Cost of goods sold		
Ending goods	1,489	856
Cost of purchased goods	378,691	335,737
Total	380,181	336,593
Goods transfer to other account	244	11
Ending goods	856	633
Cost of goods sold	379,080	335,948
Other cost	196,379	229,730
Cost of sales	2,307,997	2,034,751
Gross profit	2,365,386	2,477,804
Selling,general and adoministrative expenses		
Packing and transportation expenses	261,669	257,462
Provision of allowance for doubtful accounts	7,847	-
Directors' compensations	125,347	114,639
Salaries and bonuses	524,553	504,608
Provision of reserve for bonuses	54,336	70,072
Retirement benefit expenses	67,634	84,886
Traveling and transportation expenses	145,700	118,720
Depreciation and amortization	41,370	43,846
Reserch and development expenses	802,524	788,101
Consulting expenses	61,711	83,389
Other	394,497	306,179
Selling, general and administrative expenses	2,487,192	2,371,906
Operating income (loss)	(121,806)	105,898

	Year ended March 31, 2009 From April 1, 2008 To March 31, 2009	Year ended March 31, 2009 From April 1, 2008 To March 31, 2009
Non-operating income		
Interest income	4,269	1,832
Interest on securities	395	-
Dividends income	322,690	349,035
Gain on sales of investment seculities	-	1,582
Other	6,506	12,652
Non-operating expenses	333,861	365,102
Non-operating expenses：		
Interest expenses	6,567	8,265
Loss on sales of securities	-	420
Loss on valuation of investment securities	148,534	574
Compensation for damage	64,133	28,090
Other	1,531	4,299
Non-operating expenses	220,767	41,649
Ordinary income (loss)	(8,711)	429,352
Extraordinary income：		
Gain on sales of non-current assets	202	13
Surrender value of insurance	116,482	9,479
Reversal of allowance for doubtful accounts	1,582	7,442
Extraordinary income	118,267	16,934
Extraordinary loss:		
Loss on sales of non-current assets	6	1,175
Loss on retirement of non-current assets	4,990	2,480
Extraordinary loss	4,996	3,655
Income before income taxes	104,559	442,631
Income taxes-current	24,000	34,000
Income taxes-deferred	68,572	(74,293)
Income taxes	92,572	(40,293)
Net income	11,987	482,924

(3) Statements of changes in net assets

(Unit: 1,000 yen)

	Year ended March 31, 2009 From April 1, 2008 To March 31, 2009	Year ended March 31, 2010 From April 1, 2009 To March 31, 2010
Shareholders' equity		
Capital stock		
Balance at the end of previous period	594,152	594,152
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of currenst period	594,142	594,142
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	446,358	446,358
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of currenst period	446,358	446,358
Total capital surplus		
Balance at the end of previous period	446,358	446,358
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of currenst period	446,358	446,358
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	63,557	63,557
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of currenst period	63,557	63,557
Other retained earnings		
General reserve		
Balance at the end of previous period	3,900,000	4,300,000
Changes of items during the period		
Provision of general reserve	400,000	-
Total changes of items during the period	400,000	-
Balance at the end of currenst period	4,300,000	4,300,000
Retained earnings brought forward		
Balance at the end of previous period	1,009,422	254,725
Balance at the end of currenst period		
Provision of general reserve	(400,000)	-
Dividends from surplus	(366,684)	(240,856)
Net income	11,987	482,924
Total changes of items during the period	(754,697)	242,068
Balance at the end of currenst period	254,725	496,793

	Year ended March 31, 2009 From April 1, 2008 To March 31, 2009	Year ended March 31, 2009 From April 1, 2008 To March 31, 2009
Total retained earnings		
Balance at the end of previous period	4,972,980	4,618,282
Changes of items during the period		
Provision of general reserve	-	-
Dividends from surplus	(366,684)	(240,856)
Net income	11,987	482,924
Total changes of items during the period	(354,697)	242,068
Balance at the end of currenst period	4,618,282	4,860,351
Treasury stock		
Balance at the end of previous period	(47)	(92,677)
Changes of items during the period		
Purchase of treasury stock	(92,629)	(63)
Total changes of items during the period	(92,629)	(63)
Balance at the end of currenst period	(92,677)	(92,740)
Total shareholders' equity		
Balance at the end of previous period	6,013,433	5,566,106
Changes of items during the period		
Dividends from surplus	(366,684)	(240,856)
Net income	11,987	482,924
Purchase of treasury stock	(92,629)	(63)
Total changes of items during the period	(447,326)	242,005
Balance at the end of currenst period	5,566,106	5,808,112
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	94,013	(4,714)
Changes of items during the period		
Net changes of items other than shareholders' equity	(98,727)	89,572
Total changes of items during the period	(98,727)	89,572
Balance at the end of currenst period	(4,714)	84,858
Total valuation and translation adjustments		
Balance at the end of previous period	94,013	(4,714)
Changes of items during the period		
Net changes of items other than shareholders' equity	(98,727)	89,572
Total changes of items during the period	(98,727)	89,572
Balance at the end of current period	(4,714)	84,858

	Year ended March 31, 2009 From April 1, 2008 To March 31, 2009	Year ended March 31, 2010 From April 1, 2009 To March 31, 2010
Total net assets		
Legal capital surplus	6,107,446	5,561,392
Changes of items during the period		
Dividends from surplus	(366,684)	(240,856)
Net income (loss)	11,987	482,924
Purchase of treasury stock	(92,629)	(63)
Net changes of items other than shareholders' equity	(98,727)	89,572
Total changes of items during the period	(546,054)	331,577
Balance at the end of current period	5,561,392	5,892,970

Notes to the going concern assumption
Not applicable

6. Other

Conditions of production, orders received and sales

1) Results of production

Classification	From April 1, 2009 to March 31, 2010	
	Amount (thousands of yen)	Year-on-year %
Chemicals for print circuit boards	2,038,502	88.8

(Note) The above figures did not include consumption taxes.

2) Results of orders received

Classification	From April 1, 2009 to March 31, 2010			
	Orders received (thousands of yen)	Year-on-year %	Orders received (thousands of yen)	Year-on-year %
Machinery for print circuit boards	115,395	53.1	35,089	233.1

(Note) 1. The above figures did not include consumption taxes.
2. The Company produces chemicals for print circuit boards by anticipated production based on the estimation of demand, not by orders received.

3) Results of sales

Classification	From April 1, 2009 to March 31, 2010	
	Amount (thousands of yen)	Year-on-year %
Chemicals for print circuit boards	5,581,115	90.3
Machinery for print circuit boards	95,357	33.6
Materials for print circuit boards	352,807	79.4
Other	68,806	144.3
Total	6,098,088	87.7

(Note) 1. The above figures did not include consumption taxes.
2. There is no customer for which the Company sells not less than 10% of the total sales amount.

Transfer of officers

1) Transfer of representative director

Not applicable

2) Transfer of other officers

- Preferment of operating officer

Shinji KITAMURA, Executive operating officer

Toshiko NAKAGAWA, Executive operating officer

Makoto NAGAI, Executive operating officer

- Newly operating officers

Hatsuhiro MINAHARA, Operating officer

Kenji SUZUKI, Operating officer

3) Scheduled transfer date

June 23, 2010