

Interim Financial Review for the Six Months Ended September 30, 2007

November 13, 2007

Company Name: MEC COMPANY LTD. Stock exchange listing 1st Section of TSE,
 Code No. 4971 Hercules of OSE
 Company URL <http://www.mec-co.com/>
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Date of submitting semiannual report(Scheduled) December 14, 2007

Date of starting delivery of dividends (Scheduled) December 10, 2007

Note: All figures are rounded down to the nearest million yen

1 . Consolidated results for the six months ended September 30, 2007 (April 1, 2007 - September 30, 2007)

(1) Results of Operations

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

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of yen	Change (%)	Millions of yen	Change (%)	Millions of yen	Change (%)	Millions of yen	Change (%)
Six months ended September 30, 2007	4,362	12.8	982	4.0	987	4.7	689	9.3
Six months ended September 30, 2006	3,867	27.1	944	63.7	942	55.3	630	57.6
Year ended March 31, 2007	7,823	-	1,784	-	1,800	-	1,184	-

	Net income per share	Diluted income per share
	Yen	Yen
Six months ended September 30, 2007	33.84	-
Six months ended September 30, 2006	30.96	-
Year ended March 31, 2007	58.13	-

Reference:

Investment profit/loss according to the equity method: Six months ended September 30, 2007 - million yen
 Six months ended September 30, 2006 - million yen
 Year ended March 31, 2007 -million yen

(2)Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
September 30, 2007	11,312	8,527	75.4	418.63
September 30, 2006	9,791	7,301	74.6	358.44
March 31, 2007	10,530	7,831	74.4	384.42

Reference: Equity: Six months ended September 30, 2007 8,527 million yen
 Six months ended September 30, 2006 7,301 million yen
 Year ended March 31, 2007 7,831 million yen

(3)Cashflow

	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
Six months ended September 30, 2007	578	-1,007	-177	2,467
Six months ended September 30, 2006	597	-162	-237	2,944
Year ended March 31, 2007	1,469	-821	-385	3,033

2 . Dividend

(Record date)	Dividends per share		
	Interim	Year End	Annual
Year ended March 31, 2006	yen 5.00	yen 9.00	yen 14.00
Year ended March 31, 2007	6.00	-	
Year ended March 31, 2007 (Forecast)	-	6.00	12.00

Note: Additional dividend of ¥2 was paid for the term ending March 31, 2007 to commemorate the listing of the company' s shares on the 1st Section of the Tokyo Stock Exchange.

3 . Financial forecast for the year ended March 31, 2008 (April 1, 2007 - March 31,2008)

(The % symbol for the year period indicates increase-decrease percentage against the previous period while the % symbol for the interim period indicates increase-decrease percentage against the interim period of the previous year.)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	Change (%)	Millions of yen	Change (%)	Millions of yen	Change (%)	Millions of yen	Change (%)	yen
Full year	8,713	11.4	2,073	16.2	2,061	14.5	1,394	17.7	68.45

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 and display of method concerning 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 No

(3) Number of Shares outstanding (Common stock)

① Number of Shares outstanding (included Treasury stock) issued as of:

September 30, 2007 20,371,392 shares
 September 30, 2006 20,371,392 shares
 March 31, 2007 20,371,392 shares

② Number of Shares of Treasury stock :

September 30, 2007 33 shares
 September 30, 2006 - shares
 March 31, 2007 33 shares

(References) Non-consolidated Results for the

1 . Non-consolidated results for the six months ended September 30, 2007
 (April 1, 2007 - September 30, 2007)

(1) Results of Operations

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

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of yen	Change %	Millions of yen	Change %	Millions of yen	Change %	Millions of yen	Change %
Six months ended September 30, 2007	3,148	15.2	393	-10.5	385	-12.0	252	-10.0
Six months ended September 30, 2006	2,733	22.9	439	51.1	438	39.2	280	40.4
Year ended March 31, 2007	5,469	-	800	-	1,003	-	664	-

	Net income per share
Six months ended September 30, 2007	Yen 12.38
Six months ended September 30, 2006	13.75
Year ended March 31, 2007	32.62

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2007	8,070	5,959	73.8	292.53
September 30, 2006	7,401	5,536	74.8	271.80
March 31, 2007	7,852	5,815	74.1	285.47

Reference: Equity: Six months ended September 30, 2007 5,959 million yen
Six months ended September 30, 2006 5,536 million yen
Year ended March 31, 2007 5,815 million yen

6 . Non-consolidated forecast for the year ending March 31, 2008 (April 1, 2007 - March 31, 2008)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	Change %	Millions of yen	Change %	Millions of yen	Change %	Millions of yen	Change %	Yen
Full year	6,276	14.8	919	14.8	1,090	8.7	720	8.4	35.35

* Explanation relating to appropriate application of the business forecast

The business forecast is prepared, based on information available as of the day of announcement of 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 3, " 1. Results of operations ① Analysis relating to Results of operations."

1. Financial Results

(1) Analysis of Financial Results

[Review of the Six Months Ending September 30, 2007]

During the past interim periods, the Asian and the European economies continued to grow despite negative factors such as soaring prices of crude oil and raw materials. The Japanese economy showed an overall recovery trend followed by an improvement in financial results of the corporate sector and recoveries of capital investment and personal consumption. The U.S. economy, however, showed a decelerating trend mainly due to the subprime loan issue, which led to turmoil in the international financial and capital market.

The electronics industry maintained steady growth supported by increasing demand for new personal computers equipped with new OSs and a worldwide increase in demand for flat-screen TVs affected by lower price as well as an increase in sales of digital cameras and digital audio sets although mobile phones continued to adjust a few overstock. We expect that this trend will expand in future.

The print circuit board (PCB) industry seemed to have finished ongoing correction since last year. In Japan and Taiwan, the production of high-density boards recovered and China showed accelerating production of general-purpose boards.

Under these circumstances, we focused on developing new agents for PCBs and expanding their sales. Regarding the development of new products, we launched 15 new products and applied for 14 patents. Sales were reinforced with expanding sales of new products for general-purpose PCBs especially in China.

Consequently, consolidated sales for the interim period showed double-digit growth of 12.8% to 4,362 million yen over the same period last year. The cost of sales was 1,753 million yen, up 21.6% due to favorable sales of devices and materials as well as surging prices of product containers and some raw materials. In line with the reinforcement of human resources to provide for business expansion and an increase in consulting fees for implementing measures of the Japanese Sarbanes-Oxley Act, selling, general and administrative expenses showed 1,626 million yen, up 9.8%. Operating income and ordinary income for the interim period were 982 million yen, up 4.0% and 987 million yen, up 4.7%, respectively. Net income reached 689 million yen, up 9.3%.

[Forecast for Fiscal 2008]

As for the outlook for fiscal 2008, the world economy will remain unpredictable due to such factors as deceleration of the U.S. economy affected by the subprime loan issue and high crude oil prices although we expect that the economy will maintain its current modest expanding trend.

The electronics component industry expects that demand for home electronics appliances including flat-screen TVs will grow favorably for the coming Beijing Olympics in 2008.

For the PCB industry, demand for personal computers, flat-screen TVs, and Cell phones is expected to recover, while our customers seem to be pressurizing us into cutting product prices followed by surging crude oil prices.

Under such circumstances, we will strengthen such businesses as the development and launching of new products and the expansion of sales for general-purpose PCBs and also sales in China. As a result, for the fiscal 2007, we expect consolidated sales of 8,713 million yen, up 11.4% compared to the last year, operating profits of 2,073 million yen, up 16.2%, ordinary profits of 2,061 million yen, up 14.5%, and net profits of 1,394 million yen, up 17.7%.

(2) Analysis of Financial Conditions

[Analysis of Financial Conditions]

The interim period recorded total assets of 11,312 million yen, an increase of 782 million yen over the same period last year. This was mainly due to an increase in notes and accounts receivable supported by favorable sales as well as the growth of investment securities followed by the purchase of investment securities and a rise of evaluation gains. Liabilities were 2,784 million yen, an increase of

85 million yen as a result of an increase in notes and accounts payable due to the purchase of large-size installations. Net assets were 8,527 million yen, up 696 million yen. As a result, the equity ratio reached 75.4%.

[Analysis of Cash Flow]

As of the end of the interim period, consolidated cash and cash equivalents (hereinafter, “ fund”) were 2,467 million yen, down 477 million yen over the same period last year. Outlines of cash flow conditions for the interim period are as follows:

(Cash flows from operating activities)

The net fund provided by operating activities was 578 million yen, down 19 million yen over the same period last year mainly due to an increase in trade receivables of 307 million yen, down 177 million yen although net profit before taxes reached 988 million yen, up 48 million yen and trade payables rose by 146 million yen, up 144 million yen.

(Cash flows from investing activities)

The net fund used in investing activities was 1,007 million yen, an increase of 844 million yen compared to the same period last year. This was mainly due to a net increase in time deposits of 267 million yen, up 657 million yen and the payment to purchase investment securities of 309 million yen, a rise of 301 million yen although the payment to purchase tangible fixed assets decreased by 112 million yen.

(Cash flows from financing activities)

The net fund used in financing activities was 177 million yen, a decrease of 59 million compared to the same period last year because of the repayment of borrowing of 100 million yen in the last term despite dividends paid of 181 million yen, up 49 million yen.

< Principal Cash Flow Indicators >

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Interim period of fiscal 2008
Equity ratio (%)	67.9%	72.2%	71.6%	74.4%	75.4%
Market capitalization ratio (%)	172.3%	222.1%	369.0%	229.0%	222.0%
Interest-bearing debt ratio (years)	1.1	1.5	0.5	0.4	0.5
Interest coverage ratio (times)	49.9	40.2	114.0	143.8	141.2

Equity ratio: total equity/total assets

Market capitalization ratio: total market capitalization/total assets

Interest-bearing debt ratio: interest-bearing debt/operating cash flows

Interest coverage ratio: operating cash flows/interest paid

(Notes)

- All indicators are calculated on a consolidated basis.
- Total market capitalization is calculated by the closing stock price on the balance sheet date times the number of outstanding shares on the balance sheet date.
The closing stock prices as of Mar. 31, 2004 and as of Mar. 31, 2006 were doubled, respectively, for this calculation because these were ex-rights prices.
- Operating cash flows equal the amount of cash flows from operating activities in the consolidated statements of cash flows for this interim term. Interest-bearing debt includes all consolidated balance sheet liabilities that are subject to an interest payment. Interest paid equals the “ interest paid” included in the consolidated statements of cash flows as of the end of this interim term.
For the interim period, the operating cash flow figures were doubled to derive an annualized amount.

(3) Basis Policy on Profit Distribution and Dividends for Year Ending March 2008

The Company is committed to distributing profits 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, and while maintaining 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 its overseas business base with the aim of maintaining and growing 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 reflected by profits of this term according to the policy of consistently stable dividend payout.

For fiscal 2007, we will distribute an interim dividend of 6 yen per share and a year-end dividend of 6 yen per share, and thus, the total annual dividend will be 12 yen per share.

(4) Business Risks

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

a. Highly Dependence on the Print Circuit Board Industry

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

b. 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.

c. Overseas operations

The Group consists of the Company and six consolidated subsidiaries. We establish a business structure to apply world 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 sets 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.

d. 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. Profits or losses are converted into Yen using the prevailing exchange rate as of the balance sheet date of each foreign subsidiary. As a result, profits or losses of the Group could be affected by fluctuation of the exchange rate.

e. 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 crude oil or raw materials prices continue to surge in future, our financial results could be negatively affected.

f. Intellectual Property Rights

The Company has prioritized the management of intellectual property rights for chemical products as one of 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 applied 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.

g. Environmental Regulations

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

h. 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 sufficient staff required to maintain our business, our financial results could be negatively affected.

2. Status of the Group

The information is omitted from disclosures as there are no significant changes in the “Chart of Business (Explanation of Our Businesses)” since publication of a financial release on June 25, 2007 (consolidated financial results for the year ending March 31, 2007).

3. Management Policy

(1) Basic Management Policy

The development of electronics appliances plays an important role in enriched society worldwide while realizing a convenient and comfortable living standard. In line with the development and expansion of electronics products, manufacturers of PCBs, which are major components of electronics appliances, are accelerating competition globally.

Under such circumstances, aiming to horizontally develop our strong competitive power established in the domestic PCB industry in Japan to overseas markets, we will take the following measures including the establishment of a production and sales basis in major overseas markets. In order to reinforce sales competitiveness, we strive to share information and strategies through the exchange of human resources between the group companies. Other measures include enhancing sales in East Asia mainly in China, which is becoming a large potential market for PCBs.

Regarding R&D, which is the resource of our competitiveness, we will work to further reinforce innovating new products to catch customer needs in advance for realizing finer-line and higher-density

technologies for PCBs. Moreover, utilizing copper surface treatment technology, which is our most advantageous field, we are actively launching new products for polyimide base boards whose demand is significantly increasing and also general-purpose multi-layer boards.

(2) Medium- and Long-term Corporate Strategies and Issues to Be Solved

In the worldwide PCB industry, production is shifting to and concentrating in East and South East Asia, mainly China. Manufacturers in the existing major markets such as Japan, Europe, and U.S. undergo fiercer competition to survive. Under these circumstances, we face certain issues to be solved and take the initiative to implement the following measures:

Fulfillment of Lineup of Chemicals for Polyimide Base Boards and for General-purpose Boards as well as Sales Expansion of Such Products

Currently, demand for flexible polyimide base boards is expanding rapidly for LCD or PDP flat-screen TVs, digital cameras, and mobile phones mainly in the domestic market, in addition to the increasing production of general-purpose multi-layer boards mainly in China where the market shows strong continuous growth. In Japan also, demand for such products is expanding for devices for motor vehicles. Therefore, we strive to fulfill the lineup of chemicals for boards in this growing field and also to enhance further sales.

Acquiring Major Overseas Customers

Almost all PCB makers in Japan are doing business with the Company. However, this is not the case with overseas markets. Therefore, our global market share remains at a lower level despite a predominance of our products.

To acquire new influential customers, we will work to collaborate with leading and important companies having strong influence on the PCB market and reinforce partnerships with such customers in certain areas including sales, technology, and production of each group company. Furthermore, we are strengthening partnerships with existing overseas customers through careful technical support.

Following these management strategies, utilizing copper surface treatment technology as our core technology, we will strive to accomplish our medium-term business goal while establishing predominant positions in some PCB fields, which could be brought about by what we call our “only one” or “number one” technologies that cannot be matched by anyone else in the world, resulting in continuous high growth.

4. Consolidated Interim Financial Statement

(1) Consolidated Balance sheets

	As of September 30, 3006		As of September 30, 2007		Increase/decrease	As of March 31, 2007			
	Amount	Composition	Amount	Composition		Amount	Composition		
	Thousands of yen	%	Thousands of yen	%	Thousands of yen	Thousands of yen	%		
(Assets)									
Current assets									
1 Cash and deposits	3,156,857		3,313,597			3,591,240			
2 Notes and accounts receivable-trade	2,271,522		2,480,249			2,142,442			
3 Marketable securities	50,000		50,000			50,000			
4 Inventories	404,097		534,428			495,312			
5 Deferred tax assets	106,389		106,158			118,610			
6 Others	62,257		80,937			58,442			
Allowance for doubtful accounts	(15,428)		(15,150)			(12,831)			
Total current assets	6,035,696	61.6	6,550,219	57.9	514,523	6,443,216	61.2		
Fixed assets									
1 property, plant and equipment									
(1) Buildings and structures	987,767		1,021,458			1,046,263			
(2) Machinery, equipment and vehicles	418,200		444,692			467,311			
(3) Land	1,286,781		1,323,315			1,306,678			
(4) Others	98,387	27.91,137	602,881	3,392,348	30.0	317,165	3,137,417	29.8	
2 Intangible fixed assets									
(1) Goodwill	35,668		24,202			27,531			
(2) Others	75,941	111,609	62,695	86,897	0.8	(24,711)	71,446	98,978	0.9
3 Investments and other assets									
(1) Investment securities	600,860		1,037,427			601,616			
(2) Others	279,376		267,871			270,763			
Allowance for doubtful accounts	(27,403)	852,833	(22,137)	1,283,161	11.3	430,327	(21,574)	850,805	8.1
Total fixed assets	3,755,581	38.4	4,762,407	42.1	1,006,826	4,087,201	38.8		
Total assets	9,791,277	100.0	11,312,627	100.0	1,521,350	10,530,418	100.0		

	As of September 30, 3006			As of September 30, 2007			Increase/decrease Thousands of yen	As of March 31, 2007		
	Amount		Composition	Amount		Composition		Amount		Composition
		Thousands of yen	%		Thousands of yen	%			Thousands of yen	%
(Liability)										
Current liabilities										
1	Notes and accounts payable-trade	794,083		936,755			780,128			
2	Short-term loans payable	174,971		130,000			130,000			
3	Current portion of long-term loans payable	—		400,000			400,000			
4	Accrued income taxes	278,591		253,860			317,335			
5	Reserve for bonuses	135,800		144,281			127,475			
6	Reserve for directors' bonuses	9,600		11,000			21,406			
7	Others	314,288		409,285			497,611			
	Total current liabilities	1,707,334	17.4	2,285,182	20.2	577,848	2,273,956	21.6		
Non-current liabilities										
1	Long-term loans payable	400,000		—			—			
2	Deferred tax liabilities	282,345		390,168			321,520			
3	Others	99,685		109,295			103,830			
	Total non-current liabilities	782,030	8.0	499,464	4.4	(282,566)	425,350	4.0		
	Total liabilities	2,489,365	25.4	2,784,647	24.6	295,282	2,699,307	25.6		
(Net assets)										
Owners' equity										
1	Capital stock	594,142	6.1	594,142	5.3	—	594,142	5.6		
2	Capital surplus	446,358	4.6	446,358	3.9	—	446,358	4.2		
3	Retained earnings	5,954,697	60.7	6,903,154	61.0	948,456	6,397,168	60.8		
4	Treasury stock	—	—	(47)	0.0	(47)	(47)	0.0		
	Total owners' equity	6,995,198	71.4	7,943,608	70.2	948,409	7,437,621	70.6		
Valuation and translation adjustments										
1	Valuation difference on available-for-sale securities	254,562	2.6	325,599	2.9	71,036	250,563	2.4		
2	Translation adjustment	52,150	0.6	258,772	2.3	206,622	142,925	1.4		
	Total Valuation and translation adjustments	306,713	3.2	584,372	5.2	277,658	393,489	3.8		
	Total net assets	7,301,912	74.6	8,527,980	75.4	1,226,068	7,831,111	74.4		
	Total liabilities and assets	9,791,277	100.0	11,312,627	100.0	1,521,350	10,530,418	100.0		

(2) Consolidated statements of income

	Six months ended September 30, 2006			Six months ended September 30, 2007			Increase/decrease	Year ended March 31, 2007		
	From April 1, 2006 To September 30, 2006			From April 1, 2007 To September 30, 2007				From April 1, 2006 To March 31, 2007		
	Amount		Proportion	Amount		Proportion		Amount		Proportion
	Thousands of yen	%	Thousands of yen	%	Thousands of yen	Thousands of yen	%			
Net sales	3,867,844	100.0	4,362,392	100.0	494,548	7,823,706	100.0			
Cost of sales	1,441,722	37.3	1,753,536	40.2	311,813	2,933,447	37.5			
Gross profit	2,426,121	62.7	2,608,856	59.8	182,734	4,890,259	62.5			
Selling, general and administrative expenses	1,481,721	38.3	1,626,773	37.3	145,052	3,105,860	39.7			
Operating income	944,399	24.4	982,082	22.5	37,682	1,784,398	22.8			
Non-operating income										
1 Interest income	6,016		12,719			14,413				
2 Dividends income	1,790		2,992			3,181				
3 Machine rent income	8,631		6,074			15,651				
4 Foreign exchange gains	—		—			3,288				
5 Others	8,528	24.967	7,175	28.961	0.7	3,994	57,311	0.7		
Non-operating income										
1 Interest expenses	4,743		3,837			9,031				
2 Loss on valuation of investment securities	2,660		—			2,660				
3 Lease Machine rent expenses	9,848		5,407			15,675				
4 Foreign exchange losses	2,182		8,544			—				
5 Others	7,469	26.904	6,102	23.891	0.6	(3,013)	41,433	0.5		
Ordinary income	942,462	24.4	987,153	22.6	44,690	1,800,277	23.0			
Extraordinary income										
1 Gain on sales of fixed assets	905	905	2,245	2,245	0.1	1,339	987	0.0		
Extraordinary loss										
1 Loss on sales of fixed assets	94		—			505				
2 Loss on retirement of fixed assets	3,515	3,610	1,390	1,390	0.1	(2,220)	11,941	12,447	0.1	
Income before income taxes	939,756	24.3	988,007	22.6	48,250	1,788,817	22.9			
Income taxes-current	308,957	8.0	298,679	6.8	(10,278)	604,665	7.8			
Net income	630,799	16.3	689,328	15.8	58,529	1,184,152	15.1			

(3) Consolidated Statements of Changes in Net Assets

From April 1, 2006 to September 30, 2006

(Thousands of yen)

	Owners' equity				Valuation and translation adjustments			Net assets
	Capital stock	Capital surplus	Retained earnings	Total owners' equity	Valuation difference on available-for-sale securities	Translation adjustment	Valuation and translation adjustments	
Balance as of March 31, 2006	594,142	446,358	5,472,012	6,512,513	296,057	67,437	363,495	6,876,008
Changes of items during the period								
Dividends from surplus (Notes)			(132,414)	(132,414)				(132,414)
Directors' bonuses (Notes)			(15,700)	(15,700)				(15,700)
Net income			630,799	630,799				630,799
Net changes of items other than owners' equity					(41,495)	(15,286)	(56,781)	(56,781)
Changes of items during the period	-	-	482,685	482,685	(41,495)	(15,286)	(56,781)	425,903
Balance as of September 30, 2006	594,142	446,358	5,954,697	6,995,198	254,562	52,150	306,713	7,301,912

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

From April 1, 2007 to September 30, 2007

(Thousands of yen)

	Owners' equity					Valuation and translation adjustments			Net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity	Valuation difference on available-for-sale securities	Translation adjustment	Total valuation and translation adjustments	
Balance as of March 31, 2007	594,142	446,358	6,397,168	(47)	7,437,621	250,563	142,925	393,489	7,831,111
Changes of items during the period									
Dividends from surplus			(183,342)		(183,342)				(183,342)
Net income			689,328		689,328				689,328
Net changes of items other than owners' equity						75,035	115,847	190,882	190,882
Changes of items during the period	-	-	505,986	-	505,986	75,035	115,847	190,882	696,869
Balance as of September 30, 2007	594,142	446,358	6,903,154	(47)	7,943,608	325,599	258,772	584,372	8,527,980

From April 1, 2006 to March 31, 2007

(Thousands of yen)

	Owners' equity					Valuation and translation adjustments			Net asset
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity	valuation difference on available-for-sale securities	Translation adjustment	Valuation and translation adjustments	
Balance as of March 31, 2006	594,142	446,358	5,472,012	–	6,512,513	296,057	67,437	363,495	6,876,008
Changes of items during the period									
Dividends from surplus (Notes)			(132,414)		(132,414)				(132,414)
Dividends from surplus (Interim)			(101,856)		(101,856)				(101,856)
Directors' bonuses (Notes)			(15,700)		(15,700)				(15,700)
Net income			1,184,152		1,184,152				1,184,152
Others			(9,025)		(9,025)				(9,025)
Purchase of treasury stock				(47)	(47)				(47)
Net changes of items other than owners' equity						(45,494)	75,488	29,994	29,994
Changes of items during the period	–	–	925,155	(47)	925,108	(45,494)	75,488	29,994	955,102
Balance as of March 31, 2007	594,142	446,358	6,397,168	(47)	7,437,621	250,563	142,925	393,489	7,831,111

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

(4) Consolidated Cash Flow

区 分	Six months ended September 30, 2006	Six months ended September 30, 2007	Increase/decrease	Year ended March 31, 2007
	From April 1, 2006 To September 30, 2006	From April 1, 2007 To September 30, 2007		From April 1, 2006 To March 31, 2007
	Amount	Amount	Amount	Amount
	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Net cash provided by operating activities				
Income before income taxes	939,756	988,007		1,788,817
Depreciation	126,889	140,243		268,584
Increase in allowance for doubtful accounts	6,473	2,444		11,361
Increase in reserve for bonuses	16,060	16,806		7,735
Increase in reserve for directors' bonuses	9,600	(10,405)		21,406
Interest and dividends income	(7,806)	(15,711)		(17,595)
Interest expenses	4,743	3,837		9,031
Loss on valuation of investment securities	2,660	—		2,660
Decrease (increase) in notes and accounts receivable-trade	(130,001)	(307,512)		26,471
Increase in inventories	(7,525)	(22,185)		(101,047)
Increase (decrease) in notes and accounts payable-trade	2,011	146,126		(26,603)
Directors' bonuses paid	(15,700)	(21,603)		(15,700)
Others	(20,935)	(14,218)		59,484
Subtotal	926,227	905,830	(20,396)	2,034,606
Interest and dividends income received	8,108	15,635		17,182
Interest expenses paid	(5,770)	(4,097)		(10,223)
Income tax (paid) refund	(331,095)	(338,934)		(571,684)
Net cash provided by operating activities	597,469	578,433	(19,036)	1,469,881
Net cash used in investment activities				
Payments into time deposits	(331,763)	(815,129)		(1,060,190)
Proceeds from withdrawal of time deposits	721,521	547,826		1,125,536
Purchase of property, plant and equipment	(548,856)	(435,914)		(866,107)
Proceeds from sales of property, plant and equipment	2,173	3,971		2,380
Purchase of intangible fixed assets	—	—		(9,900)
Purchase of investment securities	(7,425)	(309,403)		(14,917)
Others	2,036	1,498		2,039
Net cash used in investment activities	(162,313)	(1,007,150)	(844,836)	(821,158)
Net cash used in financing activities				
Increase in short-term loans payable	—	30,000		100,000
Decrease in short-term loans payable	(100,003)	(30,000)		(247,595)
Cash dividends paid	(131,832)	(181,696)		(232,908)
Cash dividends paid to minority shareholders	(1,738)	—		(1,738)
Others	(3,570)	3,834		(3,591)
Net cash used in financing activities	(237,144)	(177,862)	59,281	(385,834)
Effect of exchange rate change on cash and cash equivalents	(6,241)	40,403	46,645	17,177
Increase (decrease) in cash and cash equivalents	191,769	(566,175)	(757,945)	280,066
Cash and cash equivalents	2,753,189	3,033,255	280,066	2,753,189
Cash and cash equivalents	2,944,959	2,467,080	(477,879)	3,033,255

	As of September 30, 2006			As of September 30, 2007			Increase/Decrease	As of March 21, 2007			
	Amount		Composition	Amount		Composition		Amount		Composition	
		Thousands of yen	%		Thousands of yen	%	Thousands of yen		Thousands of yen	%	
(Liabilities)											
I Current liabilities											
1	Notes payable-trade	482,178		629,452			506,855				
2	Accounts payable-trade	221,827		260,873			182,086				
3	Short-term loans payable	130,000		130,000			130,000				
4	Current portion of long-term loans payable	-		400,000			400,000				
5	Accounts payable-other	151,984		162,215			223,883				
6	Accrued income taxes	141,448		115,114			177,634				
7	Reserve for bonuses	135,800		144,281			127,475				
8	Reserve for directors' bonuses	9,600		11,000			21,406				
9	Others	86,937		97,736			159,451				
	Total Current liabilities		1,359,776	18		1,950,674	24	590,898		1,928,792	25
II Non-current liabilities											
1	Long-term loans payable	400,000		-			-				
2	Deferred tax liabilities	58,042		112,861			61,489				
3	Others	46,771		47,474			46,771				
	Total non-current liabilities		504,813	7		160,336	2	(344,477)		108,261	1
	Total liabilities		1,864,590	25		2,111,010	26	246,420		2,037,054	26
(Net assets)											
I Owners' equity											
1	Capital stock	594,142	8	594,142	7	-	-	594,142	8		
2	Capital surplus										
(1)	Legal capital surplus	446,358		446,358			446,358				
	Total Capital surplus		446,358	6		446,358	6	-		446,358	6
3	Retained earnings										
(1)	Legal retained earnings	63,557		63,557			63,557				
(2)	Other retained earnings										
	General reserve	3,600,000		3,900,000			3,600,000				
	Retained earnings brought forward	578,259		629,667			860,841				
	Total Retained earnings		4,241,816	57		4,593,225	57	351,408		4,524,398	58
4	Treasury stock	-	-	-	(47)	0	(47)	(47)	(47)	0	
	Total Owners' equity		5,282,317	71		5,633,679	70	351,361		5,564,852	71
II Valuation and translation adjustments											
1	Valuation difference on available-for-sale securities	254,562	3	325,599	4	71,036	71,036	250,563	3		
	Valuation and translation adjustments	254,562	3	325,599	4	71,036	71,036	250,563	3		
	Total Net assets		5,536,880	75		5,959,278	74	422,397		5,815,416	74
	Total Liabilities and net assets		7,401,470	100		8,070,288	100	668,818		7,852,470	100

(2) Non-consolidated Statements of income

	Six months ended September 30, 2006		Six months ended September 30, 2007		Increase/decrease	Year ended March 31, 2007			
	From April 1, 2006 To September 30, 2007		From April 1, 2007 To September 30, 2007			From April 1, 2006 To March 31, 2007			
	Amount		Proportion	Amount		Proportion	Amount		Proportion
	Thousands of yen	%		Thousands of yen	%	Thousands of yen	Thousands of yen	%	
I Net sales	2,733,115	100		3,148,055	100	414,939	5,469,041	100	
II Cost of sales	1,122,725	41		1,481,363	47	358,637	2,241,345	41	
Gross profit	1,610,389	59		1,666,691	53	56,302	3,227,695	59	
III Selling, general and administrative expenses	1,170,402	43		1,272,872	40	102,470	2,426,736	44	
Operating income	439,987	16		393,819	13	(46,168)	800,959	15	
IV Non-operating income	6,677	0		7,890	0	1,213	214,842	4	
V Non-operating expenses	8,416	0		15,930	1	7,513	12,321	0	
Ordinary income	438,247	16		385,779	12	(52,468)	1,003,480	18	
VI Extraordinary income	-	-		-	-	-	19	0	
VII Extraordinary loss	3,610	0		1,390	0	(2,220)	10,738	0	
Income before income taxes	434,637	16		384,388	12	(50,248)	992,762	18	
Income taxes-current	154,556	6		132,220	4	(22,335)	328,241	6	
Net income	280,081	10		252,168	8	(27,912)	664,520	12	

(3) Non-consolidated Statements of Changes in Net Assets

From April 1, 2006 to September 30, 2006

	Owners' equity								Valuation and translation adjustments		Total Net assets
	Capital stock	Capital surplus		Retained earnings				Total Owners' equity	Valuation difference on available-for-sale securities	Total Valuation and translation adjustments	
		Legal capital surplus	Total Other capital surplus	Legal retained earnings	Other retained earnings		Other retained earnings				
					General reserve	Retained earnings brought forward					
Balance as of March 31, 2006	594,142	446,358	446,358	63,557	3,300,000	746,292	4,109,849	5,150,350	296,057	296,057	5,446,408
Changes of items during the period											
Provision of general reserve (Note)					300,000	(300,000)	-	-			-
Dividends from surplus (Note)						(132,414)	(132,414)	(132,414)			(132,414)
Directors' bonuses (Note)						(15,700)	(15,700)	(15,700)			(15,700)
Net income						280,081	280,081	280,081			280,081
Net changes of items other than owners' equity									(41,495)	(41,495)	(41,495)
Changes of items during the period	-	-	-	-	300,000	(168,032)	131,967	131,967	(41,495)	(41,495)	90,471
Balance as of September 30, 2006	594,142	446,358	446,358	63,557	3,600,000	578,259	4,241,816	5,282,317	254,562	254,562	5,536,880

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

From April 1, 2007 to September 30, 2007

	Owners' equity									Valuation and translation adjustments		Total Net assets
	Capital stock	Capital surplus		Retained earnings				Treasury stock	Total Owners' equity	Valuation difference on available-for-sale securities	Total Valuation and translation adjustments	
		Legal capital surplus	Total Other capital surplus	Legal retained earnings	Other retained earnings		Other retained earnings					
					General reserve	Retained earnings brought forward						
Balance as of March 31, 2007	594,142	446,358	446,358	63,557	3,600,000	860,841	4,524,398	(47)	5,564,852	250,563	250,563	5,815,416
Changes of items during the period												
Provision of general reserve					300,000	(300,000)	-		-			-
Dividends from surplus						(183,342)	(183,342)		(183,342)			△183,342
Net income						252,168	252,168		252,168			252,168
Net changes of items other than owners' equity										75,035	75,035	75,035
Changes of items during the period	-	-	-	-	300,000	(231,173)	68,826	-	68,826	75,035	75,035	143,862
Balance as of September 30, 2007	594,142	446,358	446,358	63,557	3,900,000	629,667	4,593,225	(47)	5,633,679	325,599	325,599	5,959,278

From April 1, 2006 to March 31, 2007

	Owners' equity								Valuation and translation adjustments		Total Net assets	
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Treasury stock	Total Owners' equity	Valuation difference on available-for-sale securities	Total Valuation and translation adjustments		
		Legal capital surplus	Total Other capital surplus		General reserve	Retained earnings brought forward						Other retained earnings
Balance of March 31, 2006	594,142	446,358	446,358	63,557	3,300,000	746,292	4,109,849	–	5,150,350	296,057	296,057	5,446,408
Changes of items during the period												
Provision of general reserve (Note)					300,000	(300,000)	–		–			–
Dividends of surplus (Note)						(132,414)	(132,414)		(132,414)			△132,414
Dividends of surplus (Interim)						(101,856)	(101,856)		(101,856)			△101,856
Bonuses to directors (Note)						(15,700)	(15,700)		(15,700)			△15,700
Net income						664,520	664,520		664,520			664,520
Acquisition of treasury stock								(47)	(47)			△47
Net changes of items other than owners' equity										(45,494)	(45,494)	△45,494
Changes of items during the period	–	–	–	–	300,000	114,549	414,549	(47)	414,501	(45,494)	(45,494)	369,007
Balance as of March 31, 2007	594,142	446,358	446,358	63,557	3,600,000	860,841	4,524,398	(47)	5,564,852	250,563	250,563	5,815,416

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

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

	Japan (Unit: 1000 yen)	Asia (Unit: 1000 yen)	Europe (Unit: 1000 yen)	Others (Unit: 1000 yen)	Total (Unit: 1000 yen)	Eliminated or the entire company (Unit: 1000 yen)	Consolidated (Unit: 1000 yen)
Sales amount and operating profit and loss							
Sales amount							
(1) Sales amount to outside customers	2,529,102	1,489,940	343,350	—	4,362,392	—	4,362,392
(2) Internal sales amount or transferred amount between segment	618,952	419	826	—	620,199	(620,199)	—
Total	3,148,055	1,490,359	344,176	—	4,982,592	(620,199)	4,362,392
Operating expenses	2,446,490	953,301	320,003	79	3,719,875	(339,565)	3,380,310
Operating profit (or operating loss)	701,564	537,058	24,172	(79)	1,262,716	(280,634)	982,082

(Note) 1 Method of dividing countries or regions and main countries or regions belonging to each division

Method of dividing countries or regions --- Divided by geographical proximity

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

Europe: Belgium

Others: United States

- 2 Out of the operating expenses, the amount of operating expenses which cannot be allocated in items of the eliminated section or the entire company is 307,745 thousand of yen, of which the majority are expenses to be borne by our administrative divisions, etc,

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

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

(Note) 1 Method of dividing countries or regions and main countries or regions belonging to each division

Method of dividing countries or regions --- Divided by geographical proximity

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

Europe: Belgium

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

	Japan (Unit: 1000 yen)	Asia (Unit: 1000 yen)	Europe (Unit: 1000 yen)	Others (Unit: 1000 yen)	Total (Unit: 1000 yen)	Eliminated or the entire company (Unit: 1000 yen)	Consolidated (Unit: 1000 yen)
Sales amount and operating profit and loss							
Sales amount							
(1) Sales amount to outside customers	2,529,102	1,489,940	343,350	—	4,362,392	—	4,362,392
(2) Internal sales amount or transferred amount between segment	618,952	419	826	—	620,199	(620,199)	—
Total	3,148,055	1,490,359	344,176	—	4,982,592	(620,199)	4,362,392
Operating expenses	2,446,490	953,301	320,003	79	3,719,875	(339,565)	3,380,310
Operating profit (or operating loss)	701,564	537,058	24,172	(79)	1,262,716	(280,634)	982,082

(Note) 1 Method of dividing countries or regions and main countries or regions belonging to each division

Method of dividing countries or regions --- Divided by geographical proximity

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

Europe: Belgium

Others: United States

- 2 Out of the operating expenses, the amount of operating expenses which cannot be allocated in items of the eliminated section or the entire company is 307,745 thousand of yen, of which the majority are expenses to be borne by our administrative divisions, etc,

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

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

(Note) 1 Method of dividing countries or regions and main countries or regions belonging to each division

Method of dividing countries or regions --- Divided by geographical proximity

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

Europe: Belgium

Others: United States

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

Overseas sales

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

	Asia	Europe	Others	Total
Overseas sales(1,000yen)	1,511,193	320,532	10,216	1,841,942
Consolidated sales(1,000yen)				3,867,844
Ratio(%) of overseas sales to consolidated sales	39.1	8.3	0.2	47.6

(Note) 1 Method of categorization of countries or regions, and major countries or regions belonging to each category:
Method of categorization of countries or regions --- According to geographical vicinity.

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

Europe: Germany, Spain, Italy

Others: USA

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

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

	Asia	Europe	Others	Total
Overseas sales(1,000)	1,584,291	309,355	12,527	1,908,174
Consolidated sales(1,000)				4,362,392
Ratio(%) of overseas sales to consolidated sales	36.3	7.1	0.3	43.7

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

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

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

Europe: Germany, Spain, Italy

Others: USA

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

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

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

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

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

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

Europe: Germany, Spain, Italy

Others: USA

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

Situation on production, receipt of orders, and sales

[1] Production record

Sections	Consolidated accounting year From April 1, 2007 To September 30, 2007	
	Amount (Unit: 1000 yen)	Comparison with same period of previous year (%)
Agents for PCBs	1,143,300	109.3

(Note) Amounts do not include consumption tax etc.

[2] Received order record

Sections	Consolidated accounting year From April 1, 2007 To September 30, 2007			
	Amount of received orders (Unit: 1,000 yen)	Comparison with same period of previous year (%)	Balance of received orders (Unit: 1,000 yen)	Comparison with same period of previous year (%)
Equipment for PCBs	174,135	82.6	95,114	204.1

(Note) 1. Amounts do not include consumption tax etc.

2. Chemicals for electronic substrates are not produced on order but the anticipated production system is used by demand forecasting.

[3] Sales record

Sections	Consolidated accounting year From April 1, 2007 To September 30, 2007	
	Amount (Unit: 1000 yen)	Comparison with same period of previous year (%)
Agents for PCBs	3,675,362	106.6
Equipment for PCBs	443,128	182.3
Materials for PCBs	220,066	150.7
Others	23,835	81.2
Total	4,362,392	112.8

(Note) 1. Amounts do not include consumption tax etc.

2. There are no purchasing parties with a share of more than 10% of the total sales record.