Financial Review for the Year Ended March 31, 2008

May 13, 2008

Company Name: MEC COMPANY LTD.
Stock exchange listing: 1st Section of TSE, Hercules of OSE
Stock Code No. 4971
Company URL http://www.mec-co.com/
Representative: Kazuo MAEDA, CEO & President
Contact: Yoshihiro SAKAMOTO, General Manager President Office
Phone: 06-6414-3451

Date of General Meeting of Shareholders (Scheduled): June 24, 2008
Commencement Date of Dividend Payment (Scheduled): June 9, 2008
Date of Filing the Financial Report (Scheduled): June 25, 2008

(Amounts less than one million yen have been disregarded)

1 . Consolidated Results for the Year Ended March 31, 2008 (April 1, 2007 to March 31, 2008)

(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, 2008	9,115	16.5	2,103	17.9	2,057	14.3	1,426	20.5
Year ended March 31, 2007	7,823	15.1	1,784	25.1	1,800	21.3	1,184	21.0

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	(Yen)	(Yen)	%	%	%
Year ended March 31, 2008	70.02	— —	17.2	18.6	23.1
Year ended March 31, 2007	58.13	— —	16.1	17.9	22.8

Reference:
Investment profit or loss according to the equity method: Year ended March 31, 2008 - million yen
Year ended March 31, 2007 - 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, 2008	11,578	8,746	75.5	429.34
Year ended March 31, 2007	10,530	7,831	74.4	384.42

Reference: Shareholder's equity: Year ended March 31, 2008 8,746 million yen
Year ended March 31, 2006 7,831 million yen

(3)Consolidated Cashflow

	Cashflow from operating activities	Cashflow from investment activities	Cashflow 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, 2008	1,566	(1,447)	(334)	2,792
Year ended March 31, 2007	1,469	(821)	(385)	3,033

2 . Dividends

	Cash dividends per share			Total cash dividends (Annual)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
	Interim	Year-end	Annual			
	(Yen)	(Yen)	(Yen)	(Millions of yen)	%	%
Year ended March 31, 2007	5.00	9.00	14.00	285	24.1	3.9
Year ended March 31, 2008	6.00	10.00	16.00	325	22.8	3.9
Year ending March 31, 2009 (estimated)	8.00	8.00	16.00		23.3	

3 . Consolidated Forecast for the Year Ending March 31, 2009 (April 1, 2008 to March 31,2009)

(% 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 Sep.30, 2008	4,610	5.7	911	(7.1)	900	(8.8)	684	(0.8)	33.58
Year ending March 31, 2009	9,323	2.3	2,110	0.3	2,085	1.3	1,495	4.8	73.41

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)

Changes that accompany amendment of accounting standards, etc. Yes

Changes other than those of No

[Note: For details, refer to page 14, "Changes of important items that form the basis for preparing consolidated financial statements."]

(3) Number of Shares outstanding (Common stock)

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

March 31, 2008 20,371,392 shares March 31, 2007 20,371,392 shares

Number of Shares of Treasury stock :

March 31, 2008 33 shares March 31, 2007 33 shares

Note: In regard to the number of shares, which is the basis for calculating current net income (consolidated) per share, refer to page 33, "Information per share."

(References) Summery of Non-consolidated Results

1 .Non-consolidated Results for the Year Ended March 31, 2008(April 1, 2007 to March 31, 2008)

(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, 2008	6,589	20.5	857	7.1	1,054	5.1	754	13.5
Year ended March 31, 2007	5,469	9.8	800	17.0	1,003	22.0	664	20.7

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
Year ended March 31, 2008	37.02	— —
Year ended March 31, 2007	32.62	— —

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen) %	(Millions of yen) %	%	(Yen)
Year ended March 31, 2008	8,192	6,107	74.5	299.81
Year ended March 31, 2007	7,852	5,815	74.1	285.47

Reference: Shareholder's equity: Year ended March 31, 2008 6,107 million yen
Year ended March 31, 2006 5,815 million yen

2 . Non-consolidated Forecast for the Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

(% 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 Sep.30, 2008	3,248	3.2	281	(28.6)	261	(32.3)	233	(7.5)	11.45
Year ending March 31, 2009	6,452	(2.1)	735	(14.3)	960	(8.9)	738	(2.1)	36.24

* 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. Results of operations

(1) Analysis of results of operations

[Outline of the current period]

For the current consolidated period, the world economy faced increasing uncertainty for the future economic trend due to soaring prices of crude oil and raw materials although the economy of emerging countries maintained strong growth. In addition, the prolonged subprime loan issue in the United States led to turmoil in the international financial and capital market and caused economic growth to slow down in the United States and European Countries. The Japanese economy showed a continuous moderate recovery trend followed by an improvement in financial results of the corporate sector and recoveries of capital investment as well as steady growth of exports although the slowdown of personal consumption along with surging prices of crude oil and raw materials cast a negative impression for the future momentum.

For the latter half of 2007, the electronics industry maintained steady growth supported by increasing demand for new personal computers equipped with new OSs and a firm demand for home electronics equipment including flat-screen TVs and digital cameras as well as mobile phones. In 2008, however, the market seemed to slow down due to some adjustment of overstock.

Under such circumstances, the MEC group has been pouring its energies into the development of new products and sales of chemicals for use with general-purpose boards.

For the current consolidated fiscal year, we launched 48 new products and applied for 40 patents.

On the sales front, despite the slowdown of certain existing products, new chemicals for use with general-purpose, multi-surface boards and for use with specific-purpose boards showed strong growth in addition to the continuous expansion of super-roughening chemicals for use with the high-density boards, “CZ series”. Our important customers have introduced a new process in their factories one after another, which use our new products where we expect strong growth in future. Accordingly, we considered the current consolidated year as a fruitful term in light of the medium- and long-term perspective for the development of the Group.

As a result, for the current consolidated fiscal year, consolidated sales showed a double-digit growth of 16.5% year-on-year to ¥9,115 million. Cost of sales rose by 23.3% year-on-year to ¥3,615 million due to soaring prices of product containers and some raw materials, and selling, general and administrative expenses were ￥3,396 million, up 9.4% year-on-year, followed by an increase in personnel and technical support in China as well as the establishment of a new factory in Taiwan. Consequently, consolidated operating profit and ordinary profit were ¥2,103 million, up 17.9% year-on-year and ¥2,057 million, up 14.3% year-on-year, respectively. Income tax increased by 2.1% year-on-year to ¥617 million.

Consolidated net income for the current period showed a double-digit growth of 20.5% year-on-year to ¥1,426 million.

[Prospects for the next year]

As for the outlook for fiscal 2008, the world economy will remain unpredictable due to such factors as surging prices of crude oil and raw materials, appreciation of the yen and the slowdown of personal consumption although we expect that the economy will maintain its current modest expanding trend mainly in the Asian market.

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. Mobile phone and personal computers are also expected to popularize further especially in emerging countries. In the economy of the United States and European Countries, however, we anticipate a slow down and thus demand for purchasing new models will be dragged down.

Under such circumstances, we endeavor to strengthen businesses such as the development and launching of new products and the expansion of sales for general-purpose PCBs and sales in China in the next fiscal term. Despite the increasing sales volume of chemical products, we also expect a sharp rise in expenses including material prices and personnel costs in line with the business expansion and in addition, our customers seem to be pressurizing us more into cutting product prices. Accordingly, for fiscal 2008, we expect consolidated sales of ￥9,323 million, up 2.3% compared to the current year, operating profits of ￥2,110 million yen, up 0.3%, ordinary profits of ￥2,085 million, up 1.3%, and net profits of ￥1,495 million, up 4.8%.

(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 ￥11,578 million, an increase of ￥1,048 million compared with the previous year. This was mainly due to an increase in notes and accounts receivable supported by favorable sales as well as the acquisition of a new factory by our subsidiary of MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD. Liabilities were ￥2,832 million, an increase of ￥133 million from the previous year as a result of a rise of notes and accounts payable. Net assets were ￥8,746 million, up ￥915 million year-on-year. As a result, the equity ratio reached 75.5%.

[Analysis of cashflow]

As of the end of the current fiscal year, cash and cash equivalents (hereinafter, called "fund") decreased by ¥240 million compared with the previous year as net profit before taxes increased by ￥254 million year-on-year to ￥2,043 million and notes and accounts receivable decreased by ￥546 million year-on-year. As a result, the year-end fund balance reached ￥2,792 million.

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

[Cashflow by business activities]

The net fund provided by operating activities was ￥1,566 million, up ￥97 million over the previous year. This was mainly due to an increase in net profit before taxes of ￥2,043 million, up ￥254 million year-on-year, and a growth of notes and accounts payable by ￥209 million year-on-year, which was partially offset by an increase in notes and accounts receivable, down ￥546 million year-on-year.

[Cashflow by investment activities]

The net fund used in investing activities was ￥1,447 million, an increase of ￥626 million compared to the previous year. This was mainly due to the purchase of tangible fixed assets of ￥789 million, a decrease of ￥76 million year-on-year, a net balance of time deposits of ￥332 million, up ￥397 million year-on-year and purchase of investment securities of ￥318 million, a rise of ￥303 million year-on-year.

[Cashflow by financial activities]

The net fund used in financing activities was ￥334 million, a decrease of ￥51 million compared to the previous year because of the repayment of borrowing of ￥50 million and dividends paid of ￥288 million, up ￥55 million year-on-year.

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

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 our 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 a year-end dividend of ￥10 per share, which is to lead the total annual dividend of ￥16 per share aggregating the interim dividend paid of ￥6 per share.

For fiscal 2008, we will distribute an interim dividend of ￥8 per share and a year-end dividend of ￥8 per share, and thus, the total annual dividend will be ￥16 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 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.

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 six 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 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.

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. Profits and losses are converted into Yen using the prevailing exchange rate as of the balance sheet date of each foreign subsidiary. As a result, profits and losses of the Group could be affected by fluctuation of the 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-sump procurement, if crude oil or raw materials prices continue to 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 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.

7) Environmental regulations

Part of the 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, was 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 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 sufficient staff required to maintain our business, 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 on June 25, 2007), disclosure is omitted.

3. Management Policy

Since there is no change of management policy in the Financial Report for the term ended March 2007 (Submitted on May 14, 2007), disclosure is omitted. You can read the Financial Report of FY2006 on the following website:

Website of the Company:
http://www.mec-co.com/ir/pdf/38ki_honkessan.pdf
Website of the Tokyo Stock Exchange
http://www.tse.or.jp/disc/49710/200705140157-350e0500.pdf

４．4. Financial Statements

（1）1. Consolidated Balance Sheet

	Notes	As of March 31, 2007 Amount		%	As of March 31, 2008 Amount		%	Increase (Decrease)
			1,000yen	%		1,000yen	%	1,000yen
ASSETS								
Ⅰ **Current assets:**								
1 Cash and deposits			3,591,240			3,667,056		
2 Notes and accounts receivable-trade	※2		2,142,442			2,654,855		
3 Short-term investment securities			50,000			50,000		
4 Inventories			495,312			496,255		
5 Deferred tax assets			118,610			125,916		
6 Other			58,442			66,793		
Allowance for doubtful accounts			(12,831)			(14,295)		
Total current assets			6,443,216	61.2		7,046,582	60.9	603,366
Ⅱ **Non-current assets:**								
1 Property, plant and equipment								
(1)Buildings and structures	※1	2,192,701			2,582,617			
Accumulated depreciation		(1,146,438)	1,046,263		(1,244,493)	1,338,124		
(2)Machinery, equipment and vehicles	※1	1,344,085			1,409,265			
Accumulated depreciation		(876,773)	467,311		(970,203)	439,062		
(3)Tools, furniture and fixtures		409,256			540,761			
Accumulated depreciation		(304,227)	105,028		(339,938)	200,822		
(4)Land	※1		1,306,678			1,286,750		
(5)Construction in progress			212,136			280,856		
Total property, plant and equipment			3,137,417	29.8		3,545,615	30.6	408,197
2 Intangible assets								
(1)Goodwill			27,531			20,872		
(2)Other			71,446			57,589		
Total intangible assets			98,978	0.9		78,461	0.7	(20,517)
3 Investments and other assets								
(1)Investment sevurities			601,616			656,440		
(2)Deferred tax assets			—			—		
(2)Other			270,763			261,277		
Allowance for doubtful accounts			(21,574)			(9,672)		
Total investments and other assets			850,805	8.1		908,046	7.8	57,241
Total non-current assets			4,087,201	38.8		4,532,123	39.1	444,921
Total			10,530,418	100.0		11,578,706	100.0	1,048,287

	注記番号	As of March 31, 2007 Amount		%	As of March 31, 2008 Amount		%	Increase (Decrerase)
			1000yen	%		1,000yen	%	1,000yen
LIABILITES								
Ⅰ Current liabilities:								
1 Notes and accouts payable-trade			780,128			999,500		
2 Short-term loans payable			130,000			480,000		
3 Current portion of bonds			400,000			—		
4 Accounts payable-other			268,342			332,821		
5 Accrued expenses			73,054			85,778		
6 Accrued income taxes			317,335			298,856		
7 Reserve for bonuses			127,475			154,752		
8 Reserve for dorectors' bonuses			21,406			—		
9 Other			156,214			99,636		
Total current liabilities			2,273,956	21.6		2,451,345	21.2	177,388
Ⅱ Non-current liabilities:								
1 Long-term loans payable			—			—		
1 Deferred tax liabilities			321,520			270,936		
2 Other			103,830			110,256		
Total non-current liabilities			425,350	4.0		381,193	3.3	(44,157)
Total			2,699,307	25.6		2,832,538	24.5	133,231
（純 NET ASSETS								
Ⅰ Shareholders' equity:								
1 Capiral stock			594,142	5.6		594,142	5.1	—
2 Capiral surplus			446,358	4.2		446,358	3.9	—
3 Rerained earnings			6,397,168	60.8		7,503,558	64.8	1,106,389
4 Treasury stock			(47)	0		(47)	0	—
Total shareholders' equity			7,437,621	70.6		8,544,011	73.8	1,106,389
Ⅱ Valuation and translation adjustments:								
1 Valuation difference on avalable-for-sale securities			250,563	2.4		94,013	0.8	(156,550)
2 Foreign currency transtation and			142,925	1.4		108,143	0.9	(34,782)
Total valuation and transtation adjustment			393,489	3.8		202,156	1.7	(191,333)
Total net assets			7,831,111	74.4		8,746,167	75.5	915,056
Total liabilities and net assets			10,530,418	100.0		11,578,706	100.0	1,048,287

(2). Consolidated Statement of Income

		Notes	Year ended March 31, 2007 Amount		%	Year ended March 31, 2008 Amount		%	Increase (Decrease)
				1,000yen	%		1,000yen	%	1,000yen
Ⅰ	Net sales			7,823,706	100.0		9,115,964	100.0	1,292,257
Ⅱ	Costs of sales	※2		2,933,447	37.5		3,615,697	39.7	682,250
	Gross profit			4,890,259	62.5		5,500,266	60.3	610,007
Ⅲ	Selling, general and administrative expenses	※1.2		3,105,860	39.7		3,396,596	37.2	290,736
	Operating income			1,784,398	22.8		2,103,670	23.1	319,271
Ⅳ	Non-operating income								
1	Interest income		14,413			26,648			
2	Dividends income		3,181			6,849			
3	Rent income on machinery		15,651			11,525			
4	Foreign exchange gains		3,288			—			
5	Other		20,776	57,311	0.7	14,638	59,661	0.7	2,350
Ⅴ	Non-operating expenses								
1	Interest expenses		9,031			7,862			
2	Loss on valuation of investment securities		2,660			—			
3	Loss on abandonment of inventories		—			67,839			
4	Rent expenses on rental machinery		15,675			10,875			
5	Other		14,065	41,433	0.5	18,949	105,527	1.2	64,094
	Ordinary income			1,800,277	23.0		2,057,804	22.6	257,527
Ⅵ	Extraordinary income								
1	Gain on sales of non-current assets	※3	987	987	0.0	2,499	2,499	0.0	1,511
Ⅶ	Extraordinary loss								
1	Loss on sales of non-current assets	※4	505			1,065			
2	Loss on retirement of non-current assets	※5	11,941	12,447	0.1	15,535	16,601	0.2	4,153
	Income before income taxes			1,788,817	22.9		2,043,703	22.4	254,885
	Income taxes-current		559,303			568,109			
	Income taxes-deferred		45,362	604,665	7.8	49,132	617,241	6.8	12,576
	Net income			1,184,152	15.1		1,426,461	15.6	242,309

（3）Consolidated Statements of Changes in Net Assets

From April 1, 2006 to March 31, 2007

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity
Balance as of March 31, 2006	594,142	446,358	5,472,012	—	6,512,513
Changes of items during the period					
Dividend from surplus (note)			(132,414)		(132,414)
Dividend from surplus (interim)			(101,856)		(101,856)
Directors' bonuses (note)			(15,700)		(15,700)
Net income			1,184,152		1,184,152
others			(9,025)		(9,025)
Purchases of treasury stock				(47)	(47)
Net changes of items other than shareholders' equity					
Changes of items during the period	—	—	925,155	(47)	925,108
Balance as of March 31, 2007	594,142	446,358	6,397,168	(47)	7,437,621

	Valuation and transiation adjustments			Net assets
	Valuation difference on available-for-salw securities	Foreign currency translation adjustment	Valuation and translation adjustments	
Balance as of March 31, 2006	296,057	67,437	363,495	6,876,008
Changes of items during the period				
Dividend from surplus (note)				(132,414)
Dividend from surplus (interim)				(101,856)
Directors' bonuses (note)				(15,700)
Net income				1,184,152
others				(9,025)
Purchases of treasury stock				(47)
Net changes of items other than shareholders' equity	(45,494)	75,488	29,994	29,994
Changes of items during the period	(45,494)	75,488	29,994	955,102
Balance as of March 31, 2007	250,563	142,925	393,489	7,831,111

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

From April 1, 2007 to March 31, 2008 (Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity
Balance as of March 31, 2007	594,142	446,358	6,397,168	(47)	7,437,621
Changes of items during the period					
Dividends from surplus			(183,342)		(183,342)
Dividends from surplus (interim)			(122,228)		(122,228)
Net income			1,426,461		1,426,461
Others			(14,500)		(14,500)
Net changes of items other than shareholders' equity					
Changes of items during the period	—	—	1,106,389	—	1,106,389
Balance as of March 31, 2008	594,142	446,358	7,503,558	(47)	8,544,011

	Valuation and transiation adjustments			Net assets
	Valuation difference on available-for-salw securities	Foreign currency translation adjustment	Valuation and translation adjustments	
Balance as of March 31, 2007	250,563	142,925	393,489	7,831,111
Changes of items during the period				
Dividends from surplus				(183,342)
Dividends from surplus (interim)				(122,228)
Net income				1,426,461
Others				(14,500)
Net changes of items other than shareholders' equity	(156,550)	(34,782)	(191,333)	(191,333)
Changes of items during the period	(156,550)	(34,782)	(191,333)	915,056
Balance as of March 31, 2008	94,013	108,143	202,156	8,746,167

(4) Consolidated Statement of Cash Flov

	Notes	Year ended March 31, 2007 Amount	Year ended March 31, 2008 Amount	Increase (Decrease)
		1,000yen	1,000yen	1,000yen
Ⅰ Cash flow from operating activities				
Income before income taxes		1,788,817	2,043,703	
Depreciation and amortization		268,584	325,427	
Increase in allowance for doubtful accounts		11,361	(1,935)	
Increase in reserve for bonuses		7,735	27,277	
Increase in reserve for directors' bonuses		21,406	(21,406)	
Interest and dividends income		(17,595)	(33,498)	
Interest expenses		9,031	7,862	
Loss on sales of invesrment securitied		2,660	-	
Decrease in notes and accounts receivable-trade		26,471	(519,978)	
Decrease (Increase) in inventories		(101,047)	(11,864)	
Increase (Decrease) in notes and accounts payable-trade		(26,603)	182,877	
Directors' bonuses		(15,700)	-	
Other		59,484	133,254	
Subtotal		2,034,606	2,131,719	97,113
Interest and debidends income received		17,182	33,673	
Interset expenses paid		(10,223)	(8,221)	
Income tax paid		(571,684)	(590,182)	
Net cash provided by (used in)operating activities		1,469,881	1,566,989	97,108
Ⅱ Cash flow from investment activities				
Payments into time deposits		(1,060,190)	(1,355,969)	
Proceeds from withdrawal of time deposits		1,125,536	1,023,753	
Purchase of property, plant and quipment		(866,107)	(789,985)	
Proceeds from sales of property, plant and equipment		2,380	5,287	
Purchase of intangible assets		(9,900)	(6,991)	
Purchase of investment securities		(14,917)	(318,555)	
Other		2,039	(5,057)	
Net cash provided by (used in) investment activities		(821,158)	(1,447,517)	(626,359)
Ⅲ Cash flow from financing activities				
Increase in short-term loans payable		100,000	480,000	
Decrease in short-term loans payable		(247,595)	(130,000)	
Repayment of long-term loans payable		—	(400,000)	
Cash dividends paid		(232,908)	(288,479)	
Cash dividends paid to minority shareholders		(1,738)	-	
Other		(3,591)	4,452	
Net cash provided by (used in) financing activities		(385,834)	(334,027)	51,807
Ⅳ Effect of exchange rate changeon cash and cash equipments		17,177	(26,253)	(43,431)
Ⅴ Net increase in cash and cash equivalents		280,066	(240,808)	(520,874)
Ⅵ Cash and Cash equivalents at the bigining og the period		2,753,189	3,033,255	280,066
Ⅶ Cash and Cash equivalents at the end od the period		3,033,255	2,792,447	(240,808)

Basis of Presentation and Summary of Significant Accounting Policies for the Preparation of Consolidated Financial Statements

Item	Fiscal 2006 (From April 1, 2006 to March 31, 2007)	Fiscal 2007 (From April 1, 2007 to March 31, 2008)
1. Scope of Consolidation	The number of consolidated subsidiaries: 6 Principal 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.	Same as Fiscal 2006
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 2006
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 Goods: Stated at cost based on the periodic average method Products (Chemicals): Stated at cost based on the periodic average method Certain overseas subsidiaries use the cost convention based on the identified cost method or the lower of cost or market by the weighted average cost method. Products (Machinery): Stated at cost based on the cost convention method Raw materials: Stated at the lower of cost or market by the periodic average method	(1) Basis and method of valuation of marketable securities Other securities Securities with determinable market value: Same as Fiscal 2006 Securities without determinable market value: Same as Fiscal 2006 (2) Derivatives Same as Fiscal 2006 (3) Basis and method of valuation of inventories Goods: Same as Fiscal 2006 Products (Chemicals): Same as Fiscal 2006 Products (Machinery): Same as Fiscal 2006 Raw materials: Same as Fiscal 2006 Inventories of merchandise and supplies: Stated at cost by the periodic average method

Item	Fiscal 2006 (From April 1, 2006 to March 31, 2007)	Fiscal 2007 (From April 1, 2007 to March 31, 2008)
(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, plant 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 - 12 years Tools and equipment: 4 - 7 years	(1) Tangible fixed assets The Company accounts for the 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, plant 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 - 12 years Tools and equipment: 4 - 7 years (Changes in accounting policies) In accordance with the amendment of the Corporation Tax Law in Japan, effective from the fiscal year ended March 31, 2008, the Company changed the method of depreciation applied to all tangible fixed assets acquired on and after April 1, 2007 to that based on the revised law. The effects of this change on profit and loss were immaterial. (Additional information) In accordance with the amendment of the Corporation Tax Law in Japan, with respect to any tangible assets acquired on or before March 31, 2007, the Company has included the depreciation expenses of such tangible assets amounts representing the difference between the amounts of carrying costs for accounting purposes and 5% of the acquisition costs as derived from application of the depreciation method used prior to the legal revision. Such amounts are being depreciated in equal amounts over five years, starting in the year after the fiscal year in which accumulated depreciation based on the pre-revision method reached 5% of the acquisition costs. The effects of this change on profit and loss were immaterial.
	(2) Intangible Assets Intangible assets are amortized using the straight-line method	(2) Intangible assets Same as Fiscal 2006
(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 determine the estimated uncollectible amount. Overseas subsidiaries compute allowances based on an individual estimate of the amounts that may not be recoverable.	(1) Allowance for Doubtful Accounts Same as Fiscal 2006
	(2) Allowance for Bonuses	(2) Allowance for Bonuses Same as Fiscal 2006

	The Company provides allowance for bonuses for employees based on the estimated amount of payment in the current consolidated year.	

Item	Fiscal 2006 (From April 1, 2006 to March 31, 2007)	Fiscal 2007 (From April 1, 2007 to March 31, 2008)
	(3) Allowance for bonuses for directors and corporate auditors The Company provides allowance for bonuses for directors and corporate auditors based on the estimated amount of payment in the current consolidated year. (Changes in accounting policies) Effective in the current consolidated fiscal year, the Company adopted the "Accounting Standard Board Statement No.4 "Accounting Standard for Bonuses for Directors and Corporate Auditors" issued on November 29, 2005. The net effect of this change was to decrease the operating profit, ordinary profit and net profit before taxes by ¥21,406 thousand, respectively, compared with the amount based on the previous accounting methods. The effects on segment information are described in the relevant notes. (4) Allowance for retirement benefit The Company provides allowance for retirement benefit in the amount to be recognized on the consolidated balance sheet date based on the estimated amount of the projected benefit obligation and the fair value of plan assets at the end of the current consolidated fiscal year. For executive officers not directors, pursuant to the Company's regulations of 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 its retirement scheme except for those provided based on the regulations of retirement benefit for executive officers. As of March 31, 2008, the fair value of plan assets exceeded the projected benefit obligation (except for unrecognized actuarial differences) and such difference was recognized as prepaid pension expenses in the section of "Other" in current assets. 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. (Additional information) Effective on January 1, 2007, the Company transferred its pension scheme from the qualified pension plan to the defined benefit pension plan operated by multi-employers ("cash balance plan") based on the Defined Benefits Corporate Pension Law. The net effect of this change was to increase prior service costs by ¥188,836 thousand and it was amortized by the	(3) - (Additional information) In the previous consolidated fiscal year, the estimate amount of payment for bonuses for directors and corporate auditors was recorded as allowance for bonuses for directors and corporate auditors. In the current year, in line with the introduction of a performance bonuses system in accordance with "Internal Regulations for Performance Bonuses for Directors and Corporate Auditors", accrued bonuses for directors and corporate auditors are included in the section of "Accrued payable". The amount included in "Accrued payable" in the current year was ¥24,983 thousand. (4) Allowance for retirement benefit The Company provides allowance for retirement benefit in the amount to be recognized on the consolidated balance sheet date based on the estimated amount of the projected benefit obligation and the fair value of plan assets at the end of the current consolidated fiscal year. For executive officers not directors, pursuant to the Company's regulations of 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. As of March 31, 2008, the fair value of plan assets exceeded the projected benefit obligation (except for unrecognized actuarial differences) and such difference was recognized as prepaid pension expenses in the section of "Other" in investment and other assets. 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.

	straight-line method over a certain period within the average estimated remaining service period of employees, which is 10 years, beginning from the current consolidated fiscal year.	

Item	Fiscal 2006 (From April 1, 2006 to March 31, 2007)	Fiscal 2007 (From April 1, 2007 to March 31, 2008)
(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.	Same as Fiscal 2006
(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 method of consumption taxes Same as Fiscal 2006
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 2006
5. Amortization of goodwill and negative goodwill	Goodwill and negative goodwill are amortized over five years using the straight-line method.	Same as Fiscal 2006
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 2006

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

Fiscal 2006 (From April 1, 2006 to March 31, 2007)	Fiscal 2007 (From April 1, 2007 to March 31, 2008)
(Accounting standard for the presentation of net assets in the balance sheet) Effective in the consolidated fiscal year ended March 2007, the Company applied Accounting Standard Board Statement No.5 “Accounting Standard for the Presentation of Net Asset in the Balance Sheet” issued on December 9, 2005 and Implementation Guidance on Accounting Standard Board Statement No.8 “Implementation Guidance on Accounting Standard for the Presentation of Net Asset in the Balance Sheet” issued on December 9, 2005. Total shareholders’ equity as of March 31, 2007 that would have otherwise been reported under the previous accounting standard was ¥7,831,111 thousand. The presentation of net assets in the current consolidated balance sheet is prepared based on the revised corporate accounting regulations followed by the amendment of the corporate accounting regulations.	———

Changes in presentation

Fiscal 2006 (From April 1, 2006 to March 31, 2007)	Fiscal 2007 (From April 1, 2007 to March 31, 2008)
(Consolidated balance sheet) The section of “Consolidation adjustments” in the previous consolidated fiscal year was reported as “Goodwill” in the current consolidated fiscal year.	———

Notes to Consolidated Financial Statements

(Notes to consolidated balance sheet)

Fiscal 2006 (Year ended March 31, 2007)	Fiscal 2007 (Year ended March 31, 2007)
*1 Assets pledged in collateral (Thousands of yen) Building and structures 64,478 Machinery, equipment and vehicles 13,397 Land 32,896 Total 110,772 There is no obligation corresponding to the above pledged assets.	*1 Assets pledged in collateral (Thousands of yen) Building and structures 58,983 Machinery, equipment and vehicles 13,027 Land 35,014 Total 107,025 There is no obligation corresponding to the above pledged assets.
*2 Notes receivable and payable that mature at the consolidated balance sheet date Notes receivable and payable that mature at the consolidated balance sheet date are settled at the date of bill clearance. Because the consolidated balance sheet date for the year ended March 31, 2007 was the bank holiday, the following amount of notes receivable and payable that matured at the consolidated balance sheet date was included in the balance as of March 31, 2007. Notes receivable ¥28,267 thousand	*2 ———

(Notes to consolidated statements of profit and loss)

Fiscal 2006 (From April 1, 2006 to March 31, 2007)	Fiscal 2007 (From April 1, 2007 to March 31, 2008)
*1 Breakdown of selling, general and administrative expenses: (Thousands of yen) Salaries and bonuses 695,267 Research and development expenses 673,654 Packing and transportation expenses 488,076 Provision for allowance for bonuses 67,524 Provision for allowance for bonuses for directors and corporate auditors 21,406	*1 Breakdown of selling, general and administrative expenses: (Thousands of yen) Salaries and bonuses 749,902 Research and development expenses 759,563 Packing and transportation expenses 541,128 Provision for allowance for bonuses 84,291
*2 Research and development expenses included in general expenses and production costs were ¥693,313 thousand.	*2 Research and development expenses included in general expenses and production costs were ¥759,563 thousand.
*3 Breakdown of profit on sale of fixed assets is as follows: Machinery, equipment and vehicles ¥987 thousand	*3 Breakdown of profit on sale of fixed assets is as follows: Machinery, equipment and vehicles ¥2,499 thousand
*4 Breakdown of loss on sale of fixed assets is as follows: (Thousands of yen) Machinery, equipment and vehicles 489 Tools, furniture and fixtures 16 Total 505	*4 Breakdown of loss on sale of fixed assets is as follows: (Thousands of yen) Machinery, equipment and vehicles 1,029 Tools, furniture and fixtures 36 Total 1,065
*5 Breakdown of loss on disposal of fixed assets is as follows: (Thousands of yen) Buildings and structures 570 Machinery, equipment and vehicles 4,632 Tools, furniture and fixtures 2,052 "Other" in intangible assets 4,242 "Other" in investment and other assets 444 Total 11,941	*5 Breakdown of loss on disposal of fixed assets is as follows: (Thousands of yen) Buildings and structures 4,076 Machinery, equipment and vehicles 9,000 Tools, furniture and fixtures 2,459 Total 15,535

(Notes to Consolidated Statements of Changes in Net Assets)

Fiscal 2006 (from April 1, 2006 to March 31, 2007)

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 (Notes) 1	10,185,696	10,185,696	-	20,371,392
Total	10,185,696	10,185,696	-	20,371,392
Treasury stock				
Common stock (Notes) 2	-	33	-	33
Total	-	33	-	33

(Notes)

1 The increase in common stock issued was due to stock-split by 1 to 2 as of April 1, 2006.

2 The increase in treasury stock of common stocks was due to the Company's purchase of amounts of shares 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
Ordinary General Meeting of Shareholders on June 23, 2006	Common stock	132,414	13	March 31, 2006	June 24, 2006
Regular meeting of the Board of Directors on November 14, 2006	Common stock	101,856	5	September 30, 2006	December 8, 2006

(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, 2007	Common stock	183,342	Retained earnings	9	March 31, 2007	June 7, 2007

Fiscal 2007 (from April 1, 2007 to March 31, 2008)

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	-	-	33
Total	33	-	-	33

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 25, 2007	Common stock	182,342	9	March 31, 2007	June 7, 2007
Regular meeting of the Board of Directors on November 13, 2007	Common stock	122,228	6	September 30, 2007	December 10, 2007

(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 21, 2008	Common stock	203,713	Retained earnings	10	March 31, 2008	June 9, 2008

(Notes to consolidated statement of cash flow)

Fiscal 2006 (From April 1, 2006 to March 31, 2007)		Fiscal 2007 (From April 1, 2007 to March 31, 2008)	
Reconciliation of cash and cash equivalents at the end of the fiscal year with the consolidated balance sheet accounts		Reconciliation of cash and cash equivalents at the end of the fiscal year with the consolidated balance sheet accounts	
	(Thousands of yen)		(Thousands of yen)
Cash and deposits	3,591,240	Cash and deposits	3,667,056
Marketable securities	50,000	Marketable securities	50,000
Total	3,641,240	Total	3,717,056
Less: Time deposits with maturities extending over three months	(607,985)	Less: Time deposits with maturities extending over three months	(924,608)
Cash and cash equivalent	3,033,255	Cash and cash equivalent	2,792,447

(Marketable and investment securities)

Fiscal 2006 (as of March 31, 2007)

1. Other securities with determinable market value

	Class	Acquisition cost (thousand yen)	Reported amount in consolidated balance sheet (thousand yen)	Differences (thousand yen)
Securities in which the reported amounts in the consolidated balance sheet exceeded the acquisition costs	(1) Stock	177,680	599,874	422,194
	(2) Bond	-	-	-
	1) Government and municipal bond	-	-	-
	2) Corporate bond	-	-	-
	3) Other	-	-	-
	(3) Other	-	-	-
	Sub total	177,680	599,874	422,194
Securities in which the acquisition costs exceeded the reported amounts in the consolidated balance sheet	(1) Stock	485	400	85
	(2) Bond	-	-	-
	1) Government and municipal bond	-	-	-
	2) Corporate bond	-	-	-
	3) Other	-	-	-
	(3) Other	-	-	-
	Sub total	485	400	85
Total		178,165	600,274	422,109

2. Breakdown of securities which were not market to market

	Reported amounts in the consolidated balance sheet (thousand yen)
Marketable securities	
Securities with the same nature as deposits	50,000
Investment securities	
Other securities	
Non-listed stock	1,341
Total	51,341

(Note) For other securities with determinable market value, impairment loss is recognized when the fair value at the end of the consolidated fiscal year declines below 50% of the acquisition cost, and when the fair value at the end of the consolidated fiscal year declines below the acquisition cost to the extent of 30% to 50%, impairment loss is accounted for considering recoverability of such securities. As of March 31, 2006, there was no security applicable to these criteria and no impairment loss recorded.

Fiscal 2007 (as of March 31, 2008)

1. Other securities with determinable market value

	Class	Acquisition cost (thousand yen)	Reported amount in consolidated balance sheet (thousand yen)	Differences (thousand yen)
Securities in which the reported amounts in the consolidated balance sheet exceeded the acquisition costs	(1) Stock	237,993	465,892	227,898
	(2) Bond	-	-	-
	1) Government and municipal bond	-	-	-
	2) Corporate bond	-	-	-
	3) Other	-	-	-
	(3) Other	-	-	-
	Sub total	237,993	465,892	227,898
Securities in which the acquisition costs exceeded the reported amounts in the consolidated balance sheet	(1) Stock	258,727	189,207	(69,520)
	(2) Bond	-	-	-
	1) Government and municipal bond	-	-	-
	2) Corporate bond	-	-	-
	3) Other	-	-	-
	(3) Other	-	-	-
	Sub total	258,727	189,207	(69,520)
Total		496,721	655,099	158,378

2. Breakdown of securities which were not market to market

	Reported amounts in the consolidated balance sheet (thousand yen)
Marketable securities	
Securities with the same nature as deposits	50,000
Investment securities	
Other securities	
Non-listed stock	1,341
Total	51,341

(Note) For other securities with determinable market value, impairment loss is recognized when the fair value at the end of the consolidated fiscal year declines below 50% of the acquisition cost, and when the fair value at the end of the consolidated fiscal year declines below the acquisition cost to the extent of 30% to 50%, impairment loss is accounted for considering recoverability of such securities. As of March 31, 2007, there was no security applicable to these criteria and no impairment loss recorded.

(Derivative transactions)

Fiscal 2006 (From April 1, 2006 to March 31, 2007)	Fiscal 2007 (From April 1, 2007 to March 31, 2008)
1. Conditions of derivative transactions The Company uses only the forward exchange transaction. For the purpose of reducing risks caused by fluctuations of exchange rate in the future, the Company enters into forward transaction only to the extent of monetary assets and liabilities denominated in foreign currencies held and there is no speculative transaction. Forward transactions that the Company uses are exposed to risk caused by a fluctuating exchange rate. All counterparties of the Company's forward transactions are domestic banks with high creditworthy and the management believes that the default risk of these parties is remote. The finance and treasury center of the Company has a responsibility to execute and control such transactions and trading results are to be reported to the responsible director in each transaction. Overseas subsidiaries do not deal with derivative transactions.	1. Conditions of derivative transactions Same as Fiscal 2006
2. Fair values of transactions Not applicable because of no year-end balance	2. Fair values of transactions Same as Fiscal 2006

(Retirement benefit)

Fiscal 2006

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.

In addition to the above scheme, the Company is a member of the Employees' Pension Fund of the Japan Print Circuit Board Association which is a scheme to be accounted for the exceptions provided by Section 33 of the Implementation Guideline for Retirement Benefit Accounting.

Certain overseas subsidiaries adopt a defined contribution pension scheme.

2. Retirement benefit obligation and its breakdown

Fiscal 2006 (As of March 31, 2007)	
	(Thousands of yen)
(1) Retirement benefit obligation	(708,135)
(2) Plan asset	558,765
(3) Unfunded projected benefit obligation (1)+(2)	(149,370)
(4) Unrecognized actuarial gain and loss	(24,934)
(5) Unrecognized prior service cost	184,115
(6) Net amount recognized in balance sheet	9,811
(7) Prepaid pension expenses	9,811
(8) Allowance for retirement benefit (6)-(7)	-

3. Breakdown of retirement benefit obligation

Fiscal 2006 (As of March 31, 2007)	
	(Thousands of yen)
(1) Service cost	44,311
(2) Interest cost on projected benefit obligations	10,170
(3) Expected return on plan assets	(9,929)
(4) Actuarial gain and loss	(3,845)
(5) Amortization of prior service cost	4,720
Sub total	45,427
(6) Contribution to Employees' Pension Fund	28,285
(7) Contribution to defined contribution plans of consolidated subsidiaries	9,602
Total retirement benefit obligation	83,314

4. Basis of calculation of retirement benefit obligation

	Fiscal 2006 (As of March 31, 2007)
(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

5. General-type employees' pension fund

Among the balance of plan assets in the Employees' Pension Fund of the Japan Print Circuit Board Association, ¥651,088 thousand was the balance of the plan assets based on the total salaries of the Company as of March 31, 2007.

6. Amendment of the retirement benefit plan

Effective on January 1, 2007, the Company transferred its pension scheme from a qualified pension plan to a contract-type defined benefit pension plan operated by multi-employers ("cash balance plan") based on the Defined Benefit Corporate Pension Law.

With this change, prior service costs of ¥188,836 thousand were increased and amortized by the straight-line method over a certain period within the average estimated remaining service period of employees, which is 10 years, beginning from the current consolidated fiscal year.

Fiscal 2007

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.

In addition to the above scheme, the Company is a member of the Employees' Pension Fund of the Japan Print Circuit Board Association which is a scheme to be accounted for the exceptions provided by Section 33 of the Implementation Guideline for Retirement Benefit Accounting.

On April 1, 2007, the "Employees' Pension Fund of Japan Print Circuit Board Association" changed its name to the "Employees' Pension Fund of Japan Electronics Packaging and Circuit Association".

The scheme operated by multi-employers which accounts the required amount of contribution for retirement benefit expenses is comprised as follows:

		(Millions of yen)
1)	Funded status of the whole scheme as of March 31, 2007	
	Plan assets	60,546
	Benefit obligation based on the calculation of pension financing in the scheme	50,401
	Net amount	10,145
2)	Percentage of the Company's salaries of the whole scheme (From April 1, 2006 to March 31, 2007)	1.066%

3) Supplemental information

Net amount in 1) above was mainly due to a prior service obligation in pension financing of ¥3,141 million and retained earnings of ¥13,286 million. The scheme amortizes prior service cost over 18 years by equal payment. The Company expensed a special contribution of ¥4 million 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.

Certain overseas subsidiaries adopt a defined contribution pension scheme.

2. Retirement benefit obligation and its breakdown

Fiscal 2007 (as of March 31, 2008)	(Thousands of yen)
(1) Retirement benefit obligation	(790,160)
(2) Plan asset	545,038
(3) Unfunded projected benefit obligation (1)+(2)	(245,122)
(4) Unrecognized actuarial gain and loss	88,729
(5) Unrecognized prior service cost	165,232
(6) Net amount recognized in balance sheet	8,838
(7) Prepaid pension expenses	8,838
(8) Allowance for retirement benefit (6)-(7)	-

3. Breakdown of retirement benefit obligation

Fiscal 2007 (As of March 31, 2008)	(Thousands of yen)
(1) Service cost	62,974
(2) Interest cost on projected benefit obligations	13,656
(3) Expected return on plan assets	(11,175)
(4) Actuarial gain and loss	(5,136)
(5) Amortization of prior service cost	18,883
Sub total	79,203
(6) Contribution to Employees' Pension Fund	29,459
(7) Contribution to defined contribution plans of consolidated subsidiaries	11,317
Total retirement benefit obligation	119,981

4. Basis of calculation of retirement benefit obligation

	Fiscal 2007 (as of March 31, 2008)
(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

(Additional information)
Effective in the current consolidated fiscal year, the Company adopted the partial amendment (part 2) of the Financial Standard Board Statement No. 14 “Accounting Standard for Retirement Benefit” issued on May 15, 2007.

(Deferred tax accounting)

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

(Thousands of yen)

	Fiscal 2006 (As of March 31, 2007)	Fiscal 2007 (as of March 31, 2008)
Current Assets		
(Deferred tax assets)		
Allowance for bonuses	51,805	62,891
Business tax payable	18,825	19,522
Unrealized profit on inventories	36,064	30,551
Other	11,914	12,951
Total deferred tax assets	118,610	125,916
Fixed Asses		
(Deferred tax assets)		
Retirement benefit payable for directors and corporate auditors	17,706	17,300
Investment securities	20,108	18,751
Carry forward of net losses of subsidiaries	53,709	53,881
Sales promotion expenses		21,195
Other	19,270	9,538
Sub total	110,795	120,666
Valuation allowance	(53,709)	(53,881)
Total deferred tax assets	57,086	66,785
(Deferred tax liabilities)		
Evaluation gains on other marketable securities	171,545	64,364
Retained earnings of overseas subsidiaries	202,303	268,945
Prepaid pension expenses	3,987	3,592
Other	770	819
Total deferred tax liabilities	378,606	337,722
Deferred tax liabilities, net	321,520	270,936

2. Breakdown of major causes of differences between the effective statutory rate and rates of income taxes after application of deferred tax accounting:

	Fiscal 2006 (As of March 31, 2007)	Fiscal 2007 (as of March 31, 2008)
Effective statutory rate	40.6%	40.6%
(Reconciliation)		
Permanent difference including entertainment and social expenses	0.9%	0.3%
Inhabitant tax on per capita basis	0.3%	0.3%
Deduction of research and development costs	(3.3%)	(3.2%)
Tax on undistributed profits of overseas subsidiaries	1.5%	1.4%
Tax benefits on new establishment of overseas subsidiaries	(5.1%)	(6.9%)
Dividends payment from overseas subsidiaries	4.5%	5.0%
Differences from overseas taxation	(6.5%)	(8.1%)
Other	0.9%	0.8%
Rates of income taxes after application of deferred tax accounting	33.8%	30.2%

(Segment information)

a. Information by operating segment
Information by operating segment for the consolidated fiscal years ended March 31, 2007 and March 31, 2008, 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
Fiscal 2006 (From April 1, 2006 to March 31, 2007)

(Thousands of yen)

	Japan	Asia	Europe	Other	Total	Elimination or corporate	Consolidated
I Sales and operating income							
Sales							
(1) Outside customers	4,278,181	2,839,725	705,799	-	7,823,706	-	7,823,706
(2) Inter-segment sales and transfers	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/(loss)	1,411,085	949,762	74,532	(571)	2,434,809	(650,410)	1,784,398
II Assets	5,533,073	3,445,488	369,604	8,966	9,357,132	1,173,285	10,530,418

(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 ¥610,125 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 ¥2,354,999 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. Changes in accounting policies
(Accounting standard for bonuses for directors and corporate auditors)
As disclosed in 3. (3) (3) of the Basis of Presentation and Summary of Significant Accounting Policies for the Preparation of Consolidated Financial Statements, the Company adopted Accounting Standard Board Statement No.4 “Accounting Standard for Bonuses for Directors and Corporate Auditors” issued on November 29, 2005 from the current consolidated fiscal year.
The effects of this change were to increase operating expenses in the “Japan” segment by ¥21,406 thousand and to decrease operating profits by the same amount compared with the case in which those amounts are recorded in the previous method.

Fiscal 2007 (From April 1, 2007 to March 31, 2008)

	Japan	Asia	Europe	Other	Total	Elimination or corporate	Consolidated
I Sales and operating income							
Sales							
(1) Outside customers	5,198,879	3,226,325	690,759	-	9,115,964	-	9,115,964
(2) Inter-segment sales and transfers	1,390,340	480	831	-	1,391,652	(1,391,652)	-
Total	6,589,219	3,226,806	691,590	-	10,507,616	(1,391,652)	9,115,964
Operating expenses	5,124,315	2,041,392	642,433	640	7,808,781	(796,487)	7,012,294
Operating profit/(loss)	1,464,904	1,185,413	49,157	(640)	2,698,834	(595,164)	2,103,670
II Assets	5,900,711	4,238,691	400,804	5,907	10,546,116	1,032,590	11,578,706

(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 ¥607,061 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 ¥2,264,949 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.

c. Overseas sales

Fiscal 2006 (From April 1, 2006 to March 31, 2007)

	Asia	Europe	Other	Total
I Overseas sales (thousands of yen)	3,044,160	631,843	16,874	3,692,879
II Consolidated sales (thousands of yen)				7,823,706
III Percentage of overseas sales to consolidated sales (%)	38.9	8.1	0.2	47.2

(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: Austria, Germany and Italy
   Other: the United States
2. Overseas sales are sales of the Company and its consolidated subsidiaries which were transacted in countries and regions outside of Japan.

Fiscal 2007 (From April 1, 2007 to March 31, 2008)

	Asia	Europe	Other	Total
I Overseas sales (thousands of yen)	3,475,280	563,353	27,106	4,065,740
II Consolidated sales (thousands of yen)				9,115,964
III Percentage of overseas sales to consolidated sales (%)	38.1	6.2	0.3	44.6

(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.

(Related party transaction)

Fiscal 2006 (From April 1, 2006 to March 31, 2007)

Relationship	Name	Address	Capital stock or equity capital	Contents of business or occupations	Percentage of ownership of voting rights	Explanation of relation		Nature of transaction	Transaction amounts	Item	Year-end balance
						Concurrent directors	Relation in business				
Close relative of directors (Notes 2)	Kosaku Maeda	-	-	Counselor of the Company	Direct 8.26%	-	-	Entrustment of advisory service (Notes 1)	Thousands of yen 4,800	-	-

(Notes)
1. Mr. Kosaku Maeda assumed the role of counselor to the Company on June 23, 2006. His remuneration is determined based on the provisions of a separate agreement.
2. He is the father of Mr. Kazuo Maeda, CEO & President of the reporting company.

Fiscal 2007 (From April 1, 2007 to March 31, 2008)

Relationship	Name	Address	Capital stock or equity capital	Contents of business or occupations	Percentage of ownership of voting rights	Explanation of relation		Nature of transaction	Transaction amounts	Item	Year-end balance
						Concurrent directors	Relation in business				
Close relative of directors (Notes 2)	Kosaku Maeda	-	-	Counselor of the Company	Direct 7.03%	-	-	Entrustment of advisory service (Notes 1)	Thousands of yen 2,400	-	-

(Notes)
1. His remuneration is determined based on the provisions of a separate agreement.
2. He is the father of Mr. Kazuo Maeda, CEO & President of the reporting company.

(Per share information)

Item	Fiscal 2006 (From April 1, 2006 to March 31, 2007)	Fiscal 2007 (From April 1, 2007 to March 31, 2008)
Net assets per share Net income per share	¥384.42 ¥58.13 The Company split up its shares by 1 to 2 on April 1, 2006. Assuming that the stock-split made on April 1, 2005, per share information for the consolidated term ended March 31, 2006 was as follows: Net assets per share ¥336.76 Net income per share ¥47.26 Information of diluted net income per share is omitted because of no issue of potential stocks.	¥429.34 ¥70.02 Information of diluted net earnings per share is omitted because the Company has no dilutive shares.

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

	Fiscal 2006 (From April 1, 2006 to March 31, 2007)	Fiscal 2007 (From April 1, 2007 to March 31, 2008)
Net profit (thousands of yen)	1,184,152	1,426,461
Amount not available for common shareholders (thousands of yen)	-	-
Net profit available for common stocks (thousands of yen)	1,184,152	1,426,461
Weighted-average number of common shares outstanding during the year (shares)	20,371,385	20,371,359

5. Non-consolidated Financial Statements

(1) Balance Sheet

	Notes	As of March 31, 2007 Amount			As of Maech 31, 2008 Amount			Increase (Decrease)
			1,000yen	%		1,000yen	%	1,000yen
ASSETS								
Ⅰ Current assets								
1 Cash and deposits			1,990,315			1,910,650		
2 Notes receivable-trade			387,194			481,723		
3 Accounts receivable-trade			1,200,175			1,441,014		
4 Short-term investment securities			50,000			50,000		
5 Merchandise			15,560			1,489		
6 Finished goods			90,935			84,982		
7 Raw materials			119,130			110,777		
8 Work in process			—			—		
8 Supplies			3,965			7,833		
9 Prepaid expenses			15,889			8,004		
10 Deferred tax assets			80,324			94,046		
12 Short-term loans to subsidiaries and affiliates			—			—		
11 Accounts recievable-other			198,046			251,899		
12 Other			6,197			11,316		
Allowance for doubtful accounts			(9,070)			(11,660)		
Total current assets			4,148,666	52.8		4,442,079	54.2	293,413
Ⅱ Non-current assets								
1 Property, plant and equipment :								
(1)Buildings		1,758,072			1,786,497			
Accumulated depreciation		(885,207)	872,864		(932,961)	853,535		
(2)Structures		160,673			160,282			
Accumulated depreciation		(102,670)	58,002		(109,040)	51,242		
(3)Machinery and equipment		988,235			1,023,887			
Accumulated depreciation		(648,745)	339,489		(705,129)	318,757		
(4) Vehicles		51,170			51,447			
Accumulated depreciation		(31,026)	20,144		(32,416)	19,030		
(5)Tools, furniture and fixtures		303,470			358,896			
Accumulated depreciation		(230,537)	72,933		(261,887)	97,009		
(6)Land			725,036			725,036		
(7)Construction in progress			1,463			1,463		
Total property, plant and equipment			2,089,934	26.6		2,066,074	25.2	(23,860)
2 Intangible assets :								
(1)Leasehold right			29,380			29,380		
(2)Software			38,061			25,202		
(3)Other			2,746			2,590		
Total intangible assets			70,187	0.9		57,173	0.7	(13,014)
3 Investments and other assets :								
(1)Investment securities			601,616			656,440		
(2)Stocks of subsidiaries and affiliate			687,983			687,983		
(3)Invesrments in capital			105			105		
(4)Long-term loans receivable			4,056			—		
(5)Long-term loans receivable from employees			2,203			1,746		
(6)Long-term loansrecivable from subsidiaries and affiates			111,160			84,000		
(7)Claims provable in bankruptcy, claims provable in rehabilitation and other			38,784			32,366		
(8)Long-term prepaid expenses			1,098			895		
(9)Deferred tax assets			—			56,664		
(9)Guarantee deposits			65,460			—		
(10)Insurance funds			132,545			132,545		
(11)Membership			14,500			—		
			—			88,902		
Allowance for doubtful accounts			(115,831)			(114,149)		
Total investments and other assets			1,543,681	19.7		1,627,498	19.9	83,817
Total non-current assets			3,703,804	47.2		3,750,746	45.8	46,942
Total assets			7,852,470	100.0		8,192,826	100.0	340,355

		As of March 31, 2007			As of Maech 31, 2008			Increase (Decrease)
	Notes	Amount			Amount			
			1,000yen	%		1,000yen	%	1,000yen
LIABILITIES								
Ⅰ Current liabilities :								
1 Notes payable-trade			506,855			657,829		
2 Accounts payable-trade			182,086			238,345		
3 Short-term loans payable			130,000			480,000		
4 Current portion of long-term loanspayable			400,000			—		
5 Accounts payable-other			127,079			266,688		
6 Accrued expenses			43,112			42,478		
7 Accrued income taxes			177,634			137,178		
8 Accured consumptiono taxes			17,090			—		
9 Deposits received			24,272			21,331		
10 Reserve for bonuses			127,475			154,752		
11 Reserve for directors bonuses			21,406			—		
12 Notes payable-facilities			91,977			—		
13 Accounts payable-facilities			79,713			—		
14 Other			89			39,298		
Total current liabilities			1,928,792	24.5		2,037,901	24.9	109,109
Ⅱ Non-current liabilities :								
1 Lomg-term loanspayable			—			—		
1 Deferred tax liabilities			61,489			—		
2 Other			46,771			47,477		
Total non-current liabilities			108,261	1.4		47,477	0.6	(60,784)
Total Liabilities			2,037,054	25.9		2,085,379	25.5	48,325
NET ASSETS								
Ⅰ Shareholders' equity:								
1 Capital stock			594,142	7.6		594,142	7.3	—
2 Capital surplus								
(1)Legal capital surplus		446,358			446,358			
Total capital surplus			446,358	5.7		446,358	5.4	—
3 Retained earnings								
(1)Legal retained earnings		63,557			63,557			
(2)Other retained earnings								
General reserve		3,600,000			3,900,000			
Retained earnings brought forward		860,841			1,009,422			
Total retained earnings			4,524,398	57.6		4,972,980	60.7	448,581
4 Treasury stock			(47)	0		(47)	0	—
Total shareholders' equity			5,564,852	70.9		6,013,433	73.4	448,581
Ⅱ Valiation and translation adjustments:								
1 Valiation difference on available-for-sale securities			250,563	3.2		94,013	1.1	(156,550)
Total valiation and translation adjustments			250,563	3.2		94,013	1.1	(156,550)
Total net assets			5,815,416	74.1		6,107,446	74.5	292,030
Total liabilities and net assets			7,852,470	100.0		8,192,826	100.0	340,355

(2) Statement of income

	Note	Year ended March 31, 2007			Year ended March 31, 2008			Increase (Decrease)
		Amount			Amount			
			1,000yen	%		1,000yen	%	1,000yen
Ⅰ Net Sales								
1 Net sales of finished goods		4,764,769			5,703,386			
2 Net sales of goods		274,085			462,294			
3 Other sales		430,186	5,469,041	100.0	423,538	6,589,219	100.0	1,120,178
Ⅱ Costs of sales								
1 Cost of finished goods sold								
(1)Beginning finished goods		73,844			90,935			
(2)Purchase of finished goods		370,062			728,554			
(3)Cost of products manufactured		1,461,678			1,666,955			
(4)Transfer from other account		114			2,698			
Total		1,905,698			2,489,145			
(5)Transfer to other account		46,948			27,026			
(6)Ending finished goods		90,935			84,881			
Cost of finished goods sold		1,767,814			2,377,237			
2 Cost of goods sold								
(1)Ending goods		1,284			15,560			
(2)Cost of purchased goods		267,768			406,792			
(3)Transfer from other account		216			6,689			
Total		269,269			429,042			
(4)Transfer to other account		—			19			
(5)Ending goods		15,560			1,489			
Cost of goods sold		253,708			427,532			
3 Cost of other sales		219,822	2,241,345	41.0	242,738	3,047,508	46.2	806,163
Gross profit			3,227,695	59.0		3,541,711	53.8	314,015
Ⅲ Selling,general and adoministrative expenses								
1 Packing and transportation expenses		357,075			397,126			
2 Provision of allowance for doubtful accounts		6,875			3,203			
3 Directors' compensations		130,900			152,003			
4 Salaries and bonuses		503,843			529,360			
5 Provision of reserve for bonuses		67,555			84,291			
6 Provision of reserve for directors' bonuses		21,406			—			
7		38,314			54,369			
8 Traveling and transportation expenses		115,371			142,240			
9 Depreciation and amortization		43,755			37,455			
10 Reserch and development expenses		673,654			759,563			
11		93,173			83,678			
12 Other		374,810	2,426,736	44.4	440,575	2,683,868	40.8	257,132
Operation income			800,959	14.6		857,842	13.0	56,882
Ⅳ Non-operating income								
1 Interest income		5,970			5,338			
2 Interest on securities		171			244			
3 Dividends income		201,036			258,471			
4 Foreign exchande gains		1,399			—			
5 Other		6,264	214,842	3.9	5,535	269,590	4.1	54,747
Ⅴ Non-operating expenses：								
1 Interest expenses		5,746			6,055			
2 Provision of allowance for doubtful accounts		2,737			1,929			
3 Loss on valuation of investment securities		2,660			—			
4 Compensation for damage		—			64,631			
5 Other		1,177	12,321	0.2	287	72,904	1.1	60,582
Ordinary income			1,003,480	18.3		1,054,527	16.0	51,046
Ⅵ Extraordinary income：								
1 Gain on sales of non-current assets		19	19	0.0	241	241	0.0	222
Ⅶ Extraordinary loss:								
1 Loss on sales of non-current assets		489			1,007			
2 Loss on retirement of non-current assets		10,249	10,738	0.1	14,306	15,313	0.2	4,575
Income before income taxes			992,762	18.2		1,039,455	15.8	46,693
Income taxes-current		325,777			310,000			
Income taxes-deferred		2,464	328,241	6.0	(24,695)	285,304	4.4	(42,937)
Net income			664,520	12.2		754,151	11.4	89,631

(3) Statements of Changes in Net Assets

From April 1, 2006 to March 31, 2007 (Thousands of yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Other retained earnings				
	Capital stock	Legal Capital surplus	Capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Retained earnings	Treasury stock	Shareholders' equity
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
Changes of items during the period									
Provision of general reserve (note)					300,000	(300,000)	-		-
Dividend from surplus (note)						(132,414)	(132,414)		(132,414)
Dividend from surplus (interim)						(101,856)	(101,856)		(101,856)
Directors' bonuses (note)						(15,700)	(15,700)		(15,700)
Net income						664,520	664,520		664,520
Purchases of treasury stock									
Net changes of items other than Shareholders' equity									
Changes of items during the period	-	-	-	-	300,000	148,581	448,581	-	448,581
Balance as of March 31, 2007	594,142	446,358	446,358	63,557	3,900,000	1,009,422	4,972,980	(47)	6,013,433

	Valuation and translation adjustments		Net assets
	Valuation difference on available-for-sale securities	Valuation and translation adjustments	
Balance as of March 31, 2006 (thousands of yen)	296,057	296,057	5,446,408
Changes of items during the period			
Provision of general reserve (note)			-
Dividend from surplus (note)			(132,414)
Dividend from surplus (interim)			(101,856)
Directors' bonuses (note)			(15,700)
Net income			664,520
Purchases of treasury stock			(47)
Net changes of items other than shareholders' equity	(45,494)	(45,494)	(45,494)
Changes of items during the period	(45,494)	(45,494)	369,007
Balance as of March 31, 2007	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.

From April 1, 2007 to March 31, 2008 (Thousands of yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Other retained earnings				
	Capital stock	Legal capital surplus	Capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Retained earnings	Treasury stock	Shareholders' equity
Balance as of March 31, 2007	594,142	446,358	446,358	63,557	3,600,000	860,841	4,524,398	(47)	5,664,852
Changes of items during the period									
Provision of general reserve					300,000	(300,000)	-		-
Dividend from surplus						(183,342)	(183,342)		(183,342)
Dividend from surplus (interim)						(122,228)	(122,228)		122,228
Net profit						754,151	754,151		754,151
Net changes of items other than shareholders' equity									
Changes of items during the period	-	-	-	-	300,000	148,581	448,581	-	448,581
Balance as of March 31, 2008	594,142	446,358	446,358	63,557	3,900,000	1,009,422	4,972,980	(47)	6,013,433

	Valuation and translation adjustments		Net assets
	Valuation difference on available-for-sale securities	Valuation and translation adjustments	
Balance as of March 31, 2007	250,563	250,563	5,815,416
Changes of items during the period			
Provision of general reserve			-
Dividend from surplus			(183,342)
Dividend from surplus (interim)			(122,228)
Net profit			754,151
Net changes of items other than shareholders' equity	(156,550)	(156,550)	(156,550)
Changes of items during the period	(156,550)	(156,550)	292,030
Balance as of March 31, 2008	94,013	94,013	6,107,446

6. Other

Conditions of production, orders received and sales

1) Results of production

Classification	Fiscal 2007 (From April 1, 2007 to March 31, 2008)	
	Amount (thousands of yen)	Year-on-year %
Chemicals for print circuit boards	2,469,489	112.9

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

2) Results of orders received

Classification	Fiscal 2007 (From April 1, 2007 to March 31, 2008)			
	Orders received (thousands of yen)	Year-on-year %	Orders received (thousands of yen)	Year-on-year %
Machinery for print circuit boards	483,702	78.1	81,356	25.6

(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	Fiscal 2007 (From April 1, 2007 to March 31, 2008)	
	Amount (thousands of yen)	Year-on-year %
Chemicals for print circuit boards	7,855,878	110.8
Machinery for print circuit boards	719,675	189.6
Materials for print circuit boards	498,339	162.6
Other	42,072	87.9
Total	9,115,964	116.5

(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.