

Financial Announcement for the Year Ended March 31, 2015

[Japanese Standard] (consolidated)

May 8, 2015

Stock exchange listing: Tokyo Stock Exchange

Company Name: MEC COMPANY LTD.

Stock Code No.: 4971 Company URL: <http://www.mec-co.com/>

Representative: Kazuo MAEDA, CEO & President

Contact: Yoshihiro SAKAMOTO, Investment Relations TEL: 06-6414-3451

Date of General Meeting of Shareholders (Scheduled): June 19, 2015

Commencement Date of Dividend Payment (Scheduled): May 29, 2015

Date of Filing the Financial Report (Scheduled): June 22, 2015

Creation of reference materials supplementary to the results: Yes

Holding of briefing sessions regarding the results: Yes (for institutional investors)

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

1. Consolidated Results for the Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(1) Results of operations

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2015	9,057	13.2	2,008	41.3	2,129	37.2	1,344	45.3
Year ended March 31, 2014	8,003	19.4	1,421	54.9	1,551	62.2	925	47.6

Note: Comprehensive income for fiscal year ended March 31, 2015: 1,967 million yen (12.8%); fiscal year ended March 31, 2014: 1,744 million yen (58.1%)

	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, 2015	66.98	-	12.1	15.5	22.2
Year ended March 31, 2014	46.09	-	9.8	13.1	17.8

(Reference) Investment profit or loss according to the equity method: Year ended March 31, 2015: - million yen Year ended March 31, 2014: - million yen

(2) Financial position

	Total assets	Net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2015	14,646	12,039	82.2	599.85
Year ended March 31, 2014	12,869	10,265	79.8	511.44

(Reference) Shareholder's equity: Year ended March 31, 2015: 12,039 million yen Year ended March 31, 2014: 10,265 million yen

(3) Cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Cash and cash equivalents at fiscal year end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2015	1,489	(399)	(220)	3,997
Year ended March 31, 2014	1,759	(231)	(459)	2,973

2. Dividends

	Annual dividend					Total cash dividends (Annual)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
	1Q	2Q	3Q	4Q	Annual			
Year ended March 31, 2014	-	5.00	-	5.00	10.00	200	21.7	2.1
Year ended March 31, 2015	-	6.00	-	8.00	14.00	280	20.9	2.5
Year ending March 31, 2016 (Estimated)	-	8.00	-	8.00	16.00		22.1	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(Percentages indicate changes from previous fiscal year for full-year figures, and year-on-year changes for quarterly changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to parent company's shareholders		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (year to date)	4,660	3.5	1,060	0.5	1,100	0.7	770	8.2	38.36
Full year	9,420	4.0	2,150	7.0	2,200	3.3	1,450	7.9	72.24

* Notes

(1) Changes of major subsidiary companies during the period (Change of specific subsidiary companies that involves changes in the scope of consolidation): No
 Newly consolidated companies — (company name), Excluded companies — (company name)

(2) Changes of principles, procedures, presentation methods, etc., in accounting procedures

- 1) Changes that accompany amendment of accounting standards, etc.: Yes
- 2) Changes other than those of (1): No
- 3) Expected changes to accounting standards: No
- 4) Restatements: No

Note: For more information, please refer to “4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Changes in accounting policies)” on page 20 of the attachment.

(3) Number of shares outstanding (Common stock)

1) Number of shares outstanding (including treasury stock) issued as of:	Year ended March 31, 2015	20,071,093 shares	Year ended March 31, 2014	20,071,093 shares
2) Number of shares of treasury stock:	Year ended March 31, 2015	34 shares	Year ended March 31, 2014	34 shares
3) Average number of shares during the period:	Year ended March 31, 2015	20,071,059 shares	Year ended March 31, 2014	20,071,059 shares

* Display on the status of implementation of audit procedures

At the time of disclosing the financial results, auditing procedures on the financial statements are being carried out based on the Financial Instruments and Exchange Law.

* Explanation of appropriate use of earnings forecasts. Other points of note.

- The business forecasts and such like stated in this material are based on the information currently available to the Company and certain assumptions that are judged to be rational. Actual results may vary significantly from the forecasts due to various factors. In addition, for matters concerning the above forecasts, please refer to “1. Results of Operations and Analysis of Financial Situation (1) Analysis of results of operations” on page 2 of the attachment.
- The Company plans to hold a briefing session for institutional investors and analysts on Wednesday, May 13, 2015. We have published materials for the briefing session on our website.

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1. Results of Operations and Analysis of Financial Situation

(1) Analysis of results of operations

[Outline of the current period]

In the world economy in the consolidated fiscal year under review (April 1, 2014 to March 31, 2015), capital investment became active against the background of factors such as an increase in corporate profits in the United States. In addition, although there was a slowdown in economic growth in Asia, mainly in China, the economy was on an expansionary trend. However, the economy still remained sluggish because of anxiety that spread in emerging countries due to factors such as the low price of crude oil and a strong dollar, and a recurrence of the Greek government-debt crisis in Europe.

In Japan's economy, there was a gradual recovery with a tendency for capital investment to increase and an improved employment environment. However, as a reactionary decline following the last-minute demand that was caused by the consumption tax hike, the situation of weak consumer spending has been continuing. In the electronics industry, while demand for client PCs has not been growing very much, demand for servers has expanded. The growth market for smartphones has moved to areas centering on China. Products related to displays have become large and high-image-quality ones.

In such an environment, the Company's Group has actively been expanding sales in Asian markets such as China, South Korea and Taiwan. In particular, we have accelerated our development and expanded sales of the CZ series of chemicals that dramatically improve the adhesion between copper and resin in the process of manufacturing high-density, high-multilayer substrates, package substrates of smartphones or servers, and such like. We have also worked to do this for the EXE series that make it possible to have high-density wiring patterns. The EXE series acquired a high market share for displays, and furthermore we are continuing to conduct an evaluation test on them to expand their sales for use with package substrates, flexible substrates and HDI boards. FlatBOND has been newly adopted for manufacturing electronic substrates that are capable of high-speed data transmission and that are used in mobile phone base stations, supercomputers and the like. AMALPHA is a technology to directly bond metal and resin, and in the year under review we also conducted a prototype-level test only on it with regards to the metal surface treatment business for products that are integrally molded with resin. On the other hand, it has been newly adopted as a chemical solution used in part of the process of manufacturing cases for mobile devices.

As a result, our net sales in the consolidated fiscal year under review amounted to 9.057 billion yen (up 13.2% year-on-year), operating income was 2.08 billion yen (up 41.3% year-on-year), ordinary income was 2.129 billion yen (up 37.2% year-on-year), and net income for the term was 1.344 billion yen (up 45.3% year-on-year).

With regards to construction of the new plant, we are advancing with it as planned under the name of the "Amagasaki Plant."

In addition, the Company was selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as an excellent company for female employees to work in, and was certified as a "Nadeshiko Brand."

[Prospects for the next year]

We think that the situation is one where we cannot be overly optimistic because there is uncertainty regarding the world economy in the next fiscal year. For Japan's economy, though there are also elements of concern such as higher prices of imported goods and materials costs due to the yen's depreciation, the gradual economic recovery is expected to continue thanks to higher wages and rising stock prices, etc.

In the electronics industry, we believe there will continue to be strong sales of products for use in automobiles, low-cost smartphones and servers. We expect to continue facing a difficult environment with regards to sales of products for PCs and tablet PCs.

With this kind of stance, the Company's Group will aim to expand its market share for the CZ Series of products that are used in making electronic substrates for use in smartphones and tablet PCs. It will also make efforts so that it can produce good results with the EXE Series, which have become a global standard in the area of LCD TVs, in applications for flexible substrates, package substrates and HDI boards. It will also further focus on developing a chemical liquid for use with AMALPHA and build up a track record in its use.

Based on this situation, the full-year consolidated forecasts for the year ending March 31, 2016 (April 1, 2015 to March 31, 2016) are as follows.

	Year ended March 2015 (Millions of yen)	Year ending March 2016 (Millions of yen)	Percentage change (%)
Net sales	9,057	9,420	4.0
Operating income	2,008	2,150	7.0
Ordinary income	2,129	2,200	3.3
Net income	1,344	1,450	7.9

(2) Analysis relating to the financial situation

[Analysis of financial situation]

Looking at assets, there was an increase in cash and deposits and notes receivable due to an increase in sales, and also an increase in assets related to retirement benefits due to an increase in accounts receivable, a change in retirement benefit accounting standards, and an increase in pension assets. As a result, assets were 14,646 million yen, up 1,776 million yen compared to the end of the previous consolidated fiscal year.

In terms of liabilities, there was an increase in deferred tax liabilities due to an increase in reserves for tax at a subsidiary and a rise in the stock market value. As a result, liabilities came to 2,606 million yen, up 2 million yen compared to the end of the previous consolidated fiscal year.

In terms of net assets, retained earnings were up 1,150 million yen due to an increase in net income, and there was an increase in foreign currency translation adjustments due to exchange rate differences with our overseas subsidiaries of 434 million yen. Consequently, net assets came to 12,039 million yen, up 1,774 million yen compared with the end of the previous consolidated fiscal year.

As a result of the above, the equity ratio reached 82.2%.

[Analysis of cash flow]

Looking at the financial position at the end of the consolidated fiscal year under review, cash and cash equivalents (hereinafter referred to as "cash") grew 1,024 million yen compared with the end of the previous consolidated fiscal year to record 3,997 million yen.

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

(Cash flow from operating activities)

Cash from operating activities amounted to 1,489 million yen (down 269 million yen year-on-year). This was mainly due to income before income taxes and minority interests of 2,124 million yen and payment of income taxes of 630 million yen.

(Cash flow from investment activities)

As a result of investment activities, cash used amounted to 399 million yen (up 167 million yen year-on-year). This was mainly due to an expenditure of 310 million yen to acquire tangible fixed assets and net deposits of time deposits that amounted to 79 million yen.

(Cash flow from financial activities)

As a result of financing activities, cash used amounted to 220 million yen (down 239 million yen year-on-year). This was because money was used to pay dividends.

Changes in cash flow indicators

	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 2015
Equity ratio (%)	77.7%	76.9%	79.7%	79.8%	82.2%
Equity ratio based on market value (%)	74.4%	62.7%	95.0%	125.1%	113.2%
Debt repayment period (years)	0.5	0.6	0.7	-	-
Interest coverage ratio	213.1	309.7	230.1	1637.1	-

- Notes: Equity ratio : Shareholders' equity / total assets
 Equity ratio based on market value : Market capitalization / total assets
 Debt repayment period : Interest-bearing liability / operating cash flow
 Interest coverage ratio : Operating cash flow / interest payments
- All indicators are calculated based on consolidated financial figures.
 - Market capitalization is calculated by multiplying the closing share price by the number of shares outstanding issued at the end of the period.
 - Operating cash flows are calculated using the cash flow from operating activities in the consolidated statements of cash flows. Interest-bearing liabilities also include all liabilities for which interest is paid out of liabilities recorded on the consolidated balance sheet. In addition, we use the amount of interest paid in the consolidated statements of cash flows as the figure for interest paid.

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

Concerning the allocation of surplus, the Company has the basic policy of maintaining a balance between re-investing profits in business activities for long-term corporate value expansion and returning profits to each stakeholder including the shareholders; the policy is implemented after taking into account the business performance for the corresponding term and future outlooks, etc. As examples of re-investment of profits in business activities, we focus on investment in research and development to strengthen and maintain competitiveness, investment in production equipment, and international strategic investment, and also strive to build up internal reserves to establish a stable financial structure that can support our ongoing business activities.

In addition, with regard to dividends, we intend to reflect the profits of the period in dividends while maintaining the concept of paying stable dividends.

For the fiscal year ended in March 2015, we will distribute a year-end dividend of ¥8 per share, making for a total annual dividend of ¥14 per share when combined with the interim dividend paid of ¥6 per share.

For the next fiscal period, though there is a sense of uncertainty over future economic prospects, we plan to distribute an annual dividend of ¥16 per share, made up of an interim dividend of ¥8 per share and a year-end dividend of ¥8 per share.

(4) Risks of business, etc.

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

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

The Group carries out PCB and parts material production but because its products for use with PCBs occupy a large portion of its total sales, it is strongly affected by trends in the PCB industry. Therefore, future production trends in the PCB industry could have an impact on our financial results.

2 Research and development expenses

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

Our policy is 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 new products do not generate enough revenue.

In addition, if we misanalyze market needs and fall behind in developing new products, or if we cannot apply technical innovations, that could be linked to a fall in sales of our products and our financial

results could be negatively affected.

3 Overseas operations

The Group consists of the Company and five consolidated subsidiaries. We establish a business structure to apply to the world's major PCB markets in a comprehensive manner. In particular, to reinforce sales in East Asia where the production of PCBs is rapidly increasing, our members involved in R&D, sales and production are working as one to meet the needs of the Chinese, Taiwanese and South Korean markets. However, if sales in these regions become stagnant or if geopolitical risks occur in these areas, our financial results could be negatively affected.

4 Hollowing out of the Japanese economy

The Company has dealings with almost all the PCB manufacturers in Japan. More and more companies in the PCB industry are moving their bases overseas, aiming to cut production costs. As a result, the production of PCBs in Japan is falling. If this trend further accelerates in the future, it could affect our financial results.

5 Foreign currency risk

The Group's operations are being carried out not only in the domestic market but also worldwide. Hence, our financial results and such like may be affected by fluctuations in exchange rates.

6 Surging prices of crude oil and raw materials

While inorganic materials are the main components of chemicals for PCBs and parts, the Group's key products, we use crude oil or copper-based materials as a part of the raw materials. In addition, the Group's chemical products are kept in polyethylene containers, which are used to transport them, and these containers are significantly affected by crude oil prices.

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

7 Intellectual property rights

The Company recognizes that the management of intellectual property rights for chemical products is one of the key management issues regarding risk management. We established a specialized department for the management of intellectual property rights to deal with the control of our patent rights worldwide according to our patent strategy. However, we cannot assure that all patents we apply for are registered or that there are no infringements of our patent rights by third parties. Such circumstances, if they occurred, could have a negative impact on our financial results.

8 Environmental regulations

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

While we in the Group consider such regulations to be a major business opportunity, if there is a change to them or if the development of new products is delayed beyond our expectations, our financial results could be negatively affected.

9 Recruiting and training of human resources

In light of the further enhancement of R&D and sales competitiveness aiming at reinforcing overseas operations, the Group has aggressively undertaken activities to recruit and train talented people. If we cannot recruit and train the staff required to maintain our business, our financial results could be negatively affected.

10 Change in prices of marketable securities held

The Group owns equity shares in other companies as strategic investments with the aim of building and maintaining business relationships, particularly with business partners. However, in cases where the value of equity shares held decreases considerably and also where no recoverability is recognized as a result of a considerable decrease in stock prices or deterioration of financial conditions or bankruptcy of the investment target company, the recording of impairment losses on equity shares held and the occurrence of evaluation loss could have a negative impact on our earnings and financial results.

11 Evaluation of recoverability of deferred tax assets

The Group determines recoverability after estimating reasonable future taxable income against future deductible amounts, and records deferred tax assets. However, if a question arises regarding recoverability as a result of an actual taxable income differing from the forecast or if a change occurs in the taxation of a country including change of tax rate, re-evaluation of deferred tax assets will be required. In this case, if transfer from deferred tax assets becomes necessary, our earnings and financial results could be negatively affected.

12 Risk of effects of disasters

So that the production activities of the Company's Group are not impeded by natural disasters such as earthquakes and floods, and other disasters, we have established production bases that are spread apart geographically. However, in the event that we are affected by disasters or in the event that a disruption of a supply chain means that our production amount of final products such as electronic devices or the like is reduced and the PCBs and parts we produce are also affected by that, then the Group's earnings and financial condition may be impacted. The Group owns equity shares in other companies as strategic investments with the aim of building and maintaining business relationships, particularly with business partners. However, in cases where the value of equity shares held decreases considerably and also where no recoverability is recognized as a result of a considerable decrease in stock prices or deterioration of financial conditions or bankruptcy of the investment target company, the recording of impairment losses on equity shares held and the occurrence of evaluation loss could have a negative impact on our earnings and financial results.

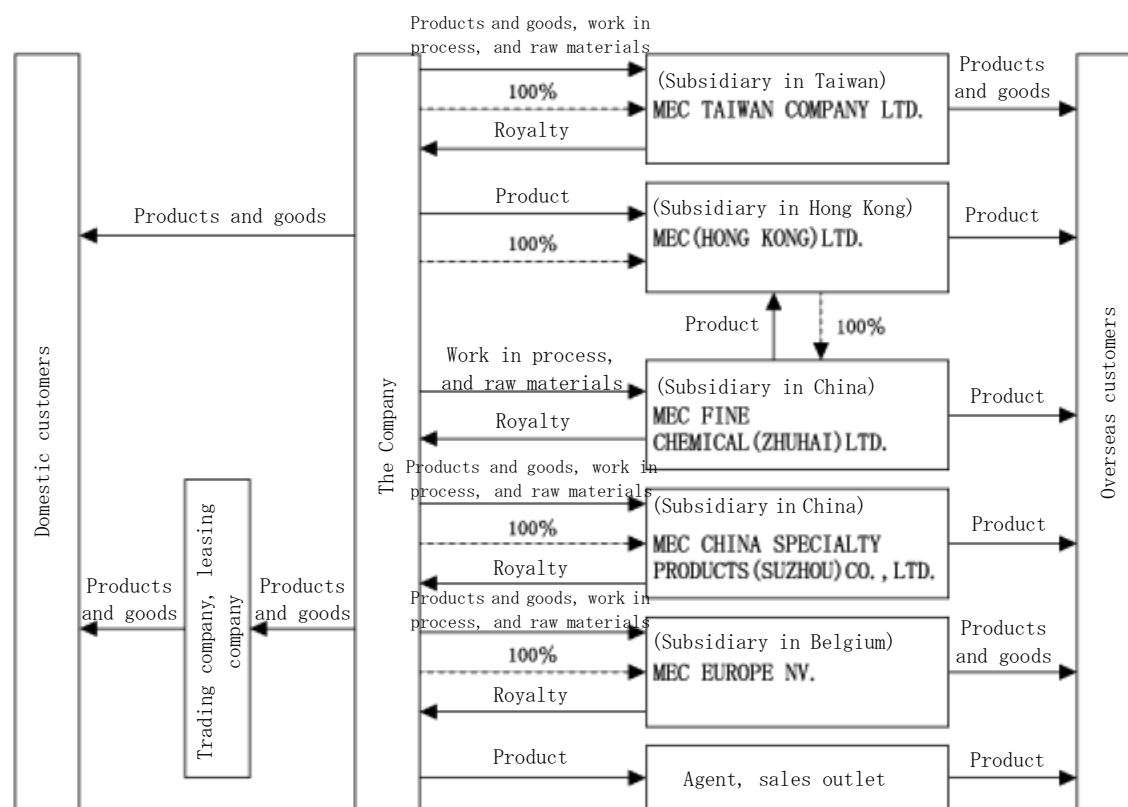
2. Situation of the Corporate Group

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

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

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

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



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

—————> Business relationship - - - - -> Investment relationship

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

3. Management Policy

(1) Basic management policy

The significance of the existence of advanced electronic equipment, centered on semiconductors, as a key industry in all areas of technology, including information processing technology, automobiles, the environment and energy, continues to increase. Competition between enterprises in the PCB and parts manufacturing industry, which provides the base technology, is undergoing further globalization. Under these circumstances, we are maintaining our strong competitiveness we enjoy in the domestic PCB and parts industry and focusing on expanding sales in the East Asian market, centered on China, Taiwan and South Korea, by taking maximum advantage of the unrivalled technological know-how that we have accumulated to this point and putting new technology to practical use.

Also, in regard to research and development, which is the basis of our competitiveness, we are further reinforcing our product development system to meet the needs of customers, including needs for higher-density circuits and parts, and higher-reliability lines, with a basic approach of eliminating waste and lowering costs from the perspectives of the environment and energy saving. Moreover, along with strengthening our market response capabilities, including subsidiaries, we are developing new products that apply the copper surface treatment technology and metal surface treatment technology that are our forte to various applications.

(2) Targeted management indicators

The Company uses management indicators emphasizing Group operating profit in order to return profits to shareholders in accordance with profit levels, and promotes the continuous improvement of ROE as the Company's management indicator.

Item	43rd Term (Year ended March 31, 2012)	44th Term (Year ended March 31, 2013)	45th Term (Year ended March 31, 2014)	46th Term (Fiscal year under review) (Year ended March 31, 2015)
ROE (%)	0.7	7.6	9.8	12.1

(3) Medium- to long-term company management strategies

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

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

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

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

FlatBOND, which can handle high-frequency PCBs, is being adopted in the multilayer electronic boards of some mobile phone base stations. Utilizing this track record, there is a possibility that it may see large growth in future, in the area of fourth-generation communication base stations due to the trend toward high-frequency products for use in automotive sensors and such like.

ii) Handling of flexible PCBs

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

iii) Handling of products other than PCBs

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

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

Moreover, by using our surface roughening technologies for metals other than copper such as nickel, aluminum and stainless steel, as an alternative to the process employed up to now that uses an adhesive to bond metal and resin, we are proceeding to establish the technology of AMALPHA with a long-term perspective, and also we will continue to focus on expansion into areas such as automobiles in the future.

iv) Handling of overseas markets

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

In the Asian market also, we made some achievements — we focused on acquiring customers, established subsidiaries in areas that continue to see economic growth such as China and Taiwan, and established an office in Vietnam. In future also, we will strengthen our support for all our overseas subsidiaries and offices, and by making contributions to the stable procurement of materials and also developing chemicals for use overseas, we will work to improve customer satisfaction in all regions and thus expand sales in overseas markets.

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

(4) Issues to be addressed

The Company's Group is aware that it needs to address the following issues.

i) Use of existing core technology to develop products in new areas and establishment of businesses

The Group specializes in the businesses of materials for PCBs and parts and hence has the risk of being strongly affected by the amount of production in the PCB and parts industry. To reduce this risk, we will focus on utilizing the technology we have accumulated so far and establishing technology that can be applied in new areas. Specifically, to improve the adhesion with plastic by roughening the surface of metals such as nickel, aluminum and stainless steel, we will continue to enhance AMALPHA which can also contribute to weight reduction of products without using an adhesive.

ii) Strategy for overseas markets

The Company's Group is building a strong sales network that covers the printed circuit board and parts markets in Japan. In the Asian market, we have focused on acquiring not only Japanese customers but also those from other countries as well, and produced a certain level of results.

On the other hand, with regards to general chemicals that cannot make the most of the superiority of our chemicals processes, we will strategically sift and sort them for areas with high marketability where a shift to high-density products is progressing, such as flexible substrates. In this way, we will ensure that we can secure orders while controlling risk. In order to resourcefully and strategically tackle these issues, we will continue to focus on strengthening the Group's ability to meet customer needs.

iii) Strengthening of corporate governance

The Company's Group, in order to maximize shareholder value, believes it is essential to increase corporate value by making ongoing efforts aimed at strengthening corporate governance. Specifically, our policy is to advance efforts for fair and transparent management, quick and accurate information disclosure, and thorough accountability.

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

Furthermore, the Company's policy is to appoint more qualified personnel than before, aiming to acquire a lot of value with such diversity. We will continue endeavoring to enhance various systems such as those to realize recruitment of Officers and managers, and to allow all employees to return to work after childcare. As a recent result, the Company was selected as an excellent company for female employees to work in, and was certified as a "Nadeshiko Brand" for 2014. This system is run by the Ministry of Economy, Trade and Industry in collaboration with the Tokyo Stock Exchange.

The Company's Group has established an ESG committee in order to advance further efforts for corporate governance reform, environmental conservation and fulfillment of social responsibility.

iv) Securing and nurturing of human resources

The Company's Group is actively working to recruit excellent staff to strengthen its R&D system and selling power. However, that alone is not enough to fully strengthen the Group as a whole. We will continue to secure the necessary employees in each field by hiring people with specialist knowledge and nurturing our staff.

v) Improving business efficiency

We in the Group expect to see a large portion of the business continue to be more and more dependent on overseas locations. Accompanying that, in order to ensure the efficiency and appropriateness of the overall business, we will introduce people with expert knowledge and strive to eliminate various risks.

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

4. Basic Policy for the Selection of Accounting Standards

The Company's Group is conducting activities such as information gathering and investigation, in preparation for application of IFRS in the future.

5. Consolidated financial statements

(1) Consolidated balance sheet

(in thousands of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	4,070,511	5,297,267
Notes and accounts receivable - trade	2,362,368	2,538,015
Merchandise and finished goods	343,709	310,179
Work in process	37,464	55,013
Raw materials and supplies	257,004	212,364
Deferred tax assets	221,417	199,666
Other	71,374	68,189
Allowance for doubtful accounts	(25,780)	(12,179)
Total current assets	7,338,072	8,668,516
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,203,590	3,312,799
Accumulated depreciation	(1,839,194)	(1,958,971)
Buildings and structures, net	* 1,364,396	* 1,353,827
Machinery, equipment and vehicles	1,828,802	1,941,965
Accumulated depreciation	(1,363,465)	(1,501,139)
Machinery, equipment and vehicles, net	465,337	440,826
Tools, furniture and fixtures	690,355	759,934
Accumulated depreciation	(517,114)	(579,028)
Tools, furniture and fixtures, net	173,241	180,905
Land	* 2,832,331	* 2,874,726
Construction in progress	3,070	44,429
Total property, plant and equipment	4,838,376	4,894,715
Intangible assets	42,282	42,449
Investments and other assets		
Investment securities	405,090	512,486
Net defined benefit asset	137,703	413,006
Deferred tax assets	6,391	14,090
Other	101,851	135,028
Allowance for doubtful accounts	(263)	(34,157)
Total investments and other assets	650,773	1,040,454
Total non-current assets	5,531,432	5,977,619
Total assets	12,869,504	14,646,135

(in thousands of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	891,647	650,907
Accounts payable - other	355,622	340,169
Accrued expenses	59,908	62,608
Income taxes payable	351,175	353,557
Provision for bonuses	220,157	204,282
Provision for directors' bonuses	30,950	47,830
Other	179,797	204,653
Total current liabilities	2,089,259	1,864,008
Non-current liabilities		
Deferred tax liabilities	420,316	655,416
Net defined benefit liability	67,619	59,610
Other	27,073	27,430
Total non-current liabilities	515,009	742,457
Total liabilities	2,604,268	2,606,466
Net assets		
Shareholders' equity		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	8,649,354	9,800,268
Treasury shares	(12)	(12)
Total shareholders' equity	9,689,842	10,840,756
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	73,635	144,206
Foreign currency translation adjustment	429,794	864,092
Remeasurements of defined benefit plans	71,963	190,613
Total accumulated other comprehensive income	575,393	1,198,912
Total net assets	10,265,235	12,039,669
Total liabilities and net assets	12,869,504	14,646,135

(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income)

(in thousands of yen)

	Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Net sales	8,003,384	9,057,322
Cost of sales	* ₁ 3,043,233	* ₁ 3,262,170
Gross profit	4,960,151	5,795,152
Selling, general and administrative expenses	* ₁ , * ₃ 3,538,460	* ₂ , * ₃ 3,786,632
Operating income	1,421,690	2,008,520
Non-operating income		
Interest income	31,472	35,228
Dividend income	8,938	8,056
Trial products income	15,205	18,402
Foreign exchange gains	58,294	46,902
Other	22,761	18,987
Total non-operating income	136,672	127,577
Non-operating expenses		
Interest expenses	1,114	—
Sales discounts	4,221	5,027
Other	1,186	1,803
Total non-operating expenses	6,522	6,831
Ordinary income	1,551,840	2,129,266
Extraordinary income		
Gain on sales of non-current assets	* ₄ 593	* ₄ 3,082
Total extraordinary income	593	3,082
Extraordinary losses		
Loss on sales of non-current assets	* ₅ 1,752	* ₅ 69
Loss on retirement of non-current assets	* ₆ 8,493	* ₆ 7,422
Impairment loss	* ₇ 43,000	—
Total extraordinary losses	53,246	7,492
Income before income taxes and minority interests	1,499,188	2,124,857
Income taxes - current	519,071	624,054
Income taxes - deferred	55,014	156,473
Total income taxes	574,085	780,528
Income before minority interests	925,102	1,344,329
Net income	925,102	1,344,329

(Consolidated statement of comprehensive income)

(in thousands of yen)

	Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Income before minority interests	925,102	1,344,329
Other comprehensive income		
Valuation difference on available-for-sale securities	40,793	70,571
Foreign currency translation adjustment	778,737	434,298
Remeasurements of defined benefit plans, net of tax	—	118,649
Total other comprehensive income	* 819,530	* 623,519
Comprehensive income	1,744,632	1,967,848
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,744,632	1,967,848
Comprehensive income attributable to minority interests	—	—

(3) Consolidated statement of changes in equity

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

(in thousands of yen)

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

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

Current fiscal year (April 1, 2014 to March 31, 2015)

(in thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	594,142	446,358	8,649,354	(12)	9,689,842
Cumulative effects of changes in accounting policies			27,367		27,367
Restated balance	594,142	446,358	8,676,721	(12)	9,717,209
Changes of items during period					
Dividends of surplus			(220,781)		(220,781)
Net income			1,344,329		1,344,329
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,123,547	—	1,123,547
Balance at end of current period	594,142	446,358	9,800,268	(12)	10,840,756

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	73,635	429,794	71,963	575,393	10,265,235
Cumulative effects of changes in accounting policies					27,367
Restated balance	73,635	429,794	71,963	575,393	10,292,602
Changes of items during period					
Dividends of surplus					(220,781)
Net income					1,344,329
Net changes of items other than shareholders' equity	70,571	434,298	118,649	623,519	623,519
Total changes of items during period	70,571	434,298	118,649	623,519	1,747,067
Balance at end of current period	144,206	864,092	190,613	1,198,912	12,039,669

(4) Consolidated statement of cash flow

(in thousands of yen)

	Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	1,499,188	2,124,857
Depreciation	312,123	336,891
Impairment loss	43,000	—
Increase (decrease) in allowance for doubtful accounts	(4,944)	15,906
Increase (decrease) in provision for bonuses	87,855	(15,875)
Increase (decrease) in provision for directors' bonuses	19,600	16,880
Increase (decrease) in provision for retirement benefits	(85,561)	—
Increase (decrease) in net defined benefit liability	66,495	(9,229)
Increase (decrease) in Net defined benefit asset	(137,703)	(275,303)
Interest and dividend income	(40,411)	(43,285)
Interest expenses	1,114	—
Decrease (increase) in notes and accounts receivable - trade	68,727	(66,283)
Decrease (increase) in inventories	1,296	110,121
Increase (decrease) in notes and accounts payable - trade	146,524	(256,579)
Other, net	169,304	139,823
Subtotal	2,146,610	2,077,923
Interest and dividend income received	41,243	41,685
Interest expenses paid	(1,074)	—
Income taxes refund	596	808
Income taxes paid	(427,726)	(630,686)
Net cash provided by (used in) operating activities	1,759,649	1,489,731
Cash flows from investing activities		
Payments into time deposits	(1,677,304)	(2,077,109)
Proceeds from withdrawal of time deposits	1,744,726	1,997,818
Purchase of property, plant and equipment	(288,581)	(310,648)
Proceeds from sales of property, plant and equipment	836	4,167
Purchase of intangible assets	(1,790)	(3,574)
Purchase of investment securities	(9,167)	(8,911)
Other, net	(373)	(1,063)
Net cash provided by (used in) investing activities	(231,654)	(399,321)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(160,000)	—
Increase in short-term loans payable	80,000	—
Decrease in short-term loans payable	(160,000)	—
Cash dividends paid	(219,956)	(220,331)
Net cash provided by (used in) financing activities	(459,956)	(220,331)
Effect of exchange rate change on cash and cash equivalents	155,740	154,594
Net increase (decrease) in cash and cash equivalents	1,223,779	1,024,672
Cash and cash equivalents at beginning of period	1,749,409	2,973,188
Cash and cash equivalents at end of period	* 2,973,188	* 3,997,861

- (5) Notes on the consolidated financial statements
(Notes on the premise of a going concern)

N/A

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

1 Scope of Consolidation

Number of consolidated subsidiaries 5

Name of consolidated subsidiaries

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

2 Fiscal Year-End of Consolidated Subsidiaries

The fiscal year-end of all consolidated subsidiaries is December 31.

In preparing the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year-end. For major intervening transactions that occurred between the fiscal year-end of those companies and March 31, appropriate adjustments have been made in the consolidated financial statements.

3 Summary of Significant Accounting Policies

(1) Basis and Methods of Valuation of Significant Assets

i) Marketable securities

Other marketable securities

Securities with determinable market value:

Stated at the market value method based on the quoted market prices at the end of the fiscal year (unrealized holding gains and losses are reported in a component of shareholders' equity, with the cost of securities sold being calculated by the moving-average method.)

Securities without a determinable market value:

Stated at cost using the moving-average method

ii) Derivatives

Stated at the market value method

iii) Inventories

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

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

(ii) Products (Machinery):

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

(2) Depreciation and Amortization of Significant Depreciable Assets

i) Tangible fixed assets

The Company accounts for depreciation of tangible fixed assets by the declining-balance method, except for buildings (excluding fixtures) acquired on and after April 1, 1998, which are accounted for by the straight-line method.

Overseas consolidated subsidiaries account for the depreciation of property, plants, and equipment mainly by the straight-line method.

The principal useful lives are as follows:

Buildings and structures: 7 – 50 years

Machinery and vehicles: 4 – 10 years

Tools, furniture and fixtures: 3 – 10 years

ii) Intangible fixed assets

Intangible fixed assets are amortized using the straight-line method.

(3) Method of Accounting for Significant Allowances

i) Allowance for Doubtful Accounts

The Company provides allowance for doubtful accounts in an amount sufficient to cover probable losses on collection. Provision for normal receivables is calculated by using the actual percentage of credit losses, while for certain identified doubtful receivables, recoverability is assessed separately to estimate the uncollectible amount.

ii) Reserve for Bonuses

The Company provides reserve for bonuses for employees and Executive Officers who are not Directors based on the estimated amount of payment in the current consolidated year.

iii) Provision for Directors' Bonuses

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

(4) Method of accounting for retirement benefits

i) Method of periodical allocation of estimated retirement benefits

In calculating retirement benefit obligations, the Company adopts benefit formula criteria as a method for allocating estimated retirement benefits in the period up to the end of the current consolidated fiscal year.

ii) Actuarial differences and method of processing prior service costs

Prior service costs are amortized by the straight-line method over a certain period within the average estimated remaining service period of employees (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 (10 years) at the time of occurrence of each year, beginning from the following fiscal year.

(5) Basis of translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into yen using the prevailing spot exchange rate on the consolidated balance sheet date and any exchange differences are accounted for as profit or loss. Assets and liabilities of overseas consolidated subsidiaries are translated into yen at the prevailing spot rate at the balance sheet date of consolidated subsidiaries. The profit and loss of consolidated subsidiaries are translated into yen at the average spot rate during the period and any exchange differences are recorded as foreign currency translation adjustment under net assets.

(6) Cash and cash equivalent in the consolidated statement of cash flow

Cash and cash equivalent comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, having been within three months of maturity at acquisition.

(7) Other significant matters for the preparation of consolidated financial statements

Accounting for consumption taxes

The Company adopts the tax exclusion method.

(Changes in accounting policies)

(Application of Accounting Standards for Retirement Benefits)

With regards to the "Accounting Standard for Retirement Benefits" (Corporate Accounting Standard No. 26, May 17, 2012; hereinafter referred to as the "Accounting Standard for Retirement Benefits") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015 (hereinafter referred to as the "Guidance on Accounting Standard for Retirement Benefits")), the provisions set out in Section 35 of the Accounting Standard for Retirement Benefits and Section 67 of the Guidance on Accounting Standard for Retirement Benefits were applied from the current consolidated fiscal year. At the same time, we reviewed the method of calculating our retirement benefit obligations and service costs and changed from using the service period basis as the attribution method for projected retirement benefits to a benefit formula criteria. In addition, with regards to the method of determining the discount rate, we changed from a discount rate based on the number of years that approximates to the average remaining service period of employees to a single weighted average discount rate that reflects the amount of payment for the expected payment period of retirement benefits and the expected payment period.

With regards to the application of retirement benefit accounting standards, in accordance with the specific transitional provisions set forth in Section 37 of the Accounting Standard for Retirement Benefits in the beginning of consolidated fiscal year under review, we have been adding or subtracting the monetary amount of impact accompanying the change in the method of calculating the retirement benefit obligations and service costs to or from retained earnings.

As a result, at the end of the current consolidated fiscal year under review liabilities pertaining to retirement benefits came to 27,367 thousand yen and assets pertaining to retirement benefits amounted to 42,488 thousand yen. The impact of this on operating income, ordinary income and income before income taxes and minority interests for the consolidated

fiscal year is immaterial.

In addition, net assets per share for the consolidated fiscal year under review increased by 1.18 yen. Further, the impact on net income per share is immaterial.

(Changes in the presentation of the financial statements)

(Retirement benefits)

With the revision to the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), the Company has made a change to the previous method of presenting the notes to retirement benefits based on a multi-employer plan, and is reclassifying the consolidated financial statements for the previous consolidated fiscal year. Please note that the contents of the reclassified consolidated financial statements and the corresponding amounts pertaining to the main items in the consolidated financial statements of the previous consolidated fiscal year are described in the relevant sections.

(Notes to consolidated balance sheet)

* Assets pledged in collateral

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Buildings and structures	6,265 thousand yen	2,956 thousand yen
Land	30,469 thousand yen	30,799 thousand yen
Total	36,735 thousand yen	33,755 thousand yen

There is no obligation corresponding to the above pledged assets.

(Notes to consolidated statements of income)

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

	Previous fiscal year (April 1, 2013 To March 31, 2014)	Current fiscal year (April 1, 2014 To March 31, 2015)
	9,188 thousand yen	24,864 thousand yen

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

	Previous fiscal year (April 1, 2013 To March 31, 2014)	Current fiscal year (April 1, 2014 To March 31, 2015)
Provision of allowance for doubtful accounts	15,159 thousand yen	15,819 thousand yen
Salaries and bonuses	976,091 thousand yen	972,132 thousand yen
Packing and transportation expenses	364,960 thousand yen	401,195 thousand yen
Provision for allowance for bonuses	133,021 thousand yen	117,147 thousand yen
Provision for directors' bonuses	30,950 thousand yen	47,830 thousand yen
Retirement benefit expenses	108,595 thousand yen	86,647 thousand yen
Research and development expenses	762,253 thousand yen	877,819 thousand yen

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

	Previous fiscal year (April 1, 2013 To March 31, 2014)	Current fiscal year (April 1, 2014 To March 31, 2015)
	762,253 thousand yen	877,819 thousand yen

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

	Previous fiscal year (April 1, 2013 To March 31, 2014)	Current fiscal year (April 1, 2014 To March 31, 2015)
Machinery, equipment and vehicles	593 thousand yen	3,065 thousand yen
Tools, furniture and fixtures	- thousand yen	17 thousand yen
Total	593 thousand yen	3,082 thousand yen

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

	Previous fiscal year (April 1, 2013 To March 31, 2014)	Current fiscal year (April 1, 2014 To March 31, 2015)
Machinery, equipment and vehicles	289 thousand yen	10 thousand yen
Tools, furniture and fixtures	1,462 thousand yen	59 thousand yen
Total	1,752 thousand yen	69 thousand yen

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

	Previous fiscal year (April 1, 2013 To March 31, 2014)	Current fiscal year (April 1, 2014 To March 31, 2015)
Buildings and structures	2,381 thousand yen	3,081 thousand yen
Machinery, equipment and vehicles	767 thousand yen	1,700 thousand yen
Tools, furniture and fixtures	461 thousand yen	470 thousand yen
Investments and other assets [other]	-	142 thousand yen
Fixed asset removal costs	4,883 thousand yen	2,027 thousand yen
Total	8,493 thousand yen	7,422 thousand yen

*7 Impairment loss

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

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

Place	Use	Type	Amount
Amagasaki, Hyogo	Idle assets	Land	43 million yen

(Reason for the recognition of impairment loss)

Some land became an idle asset because of the cancellation of the plan to build a new plant. This land was unused at the end of the consolidated fiscal year under review. Thus, we reduced its book value to the recoverable amount. The recoverable amount is based on the amount shown in a report produced by real estate appraisers.

(Method of grouping assets)

In principle, assets are grouped on the basis of their production and sales system and by reportable segment. Meanwhile, idle assets are grouped in units of individual properties.

Previous consolidated fiscal year (April 1, 2014 to March 31, 2015)

N/A

(Matters related to consolidated statement of comprehensive income)

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

	Previous consolidated fiscal year (From April 1, 2013 To March 31, 2014)	Consolidated fiscal year under review (From April 1, 2014 To March 31, 2015)
Valuation difference on available-for-sale securities:		
Amount arising in the current fiscal year under review	63,333 thousand yen	98,671 thousand yen
Amount of reclassification adjustment	-	(89 thousand yen)
Before income tax effect	63,333 thousand yen	98,581 thousand yen
Income tax effect	(22,540 thousand yen)	(28,010 thousand yen)
Valuation difference on available-for-sale securities	40,793 thousand yen	70,571 thousand yen
Foreign currency translation adjustment:		
Amount arising in the current fiscal year under review	778,737 thousand yen	434,298 thousand yen
Adjustments related to retirement benefits:		
Amount arising in the current fiscal year under review	-	184,450 thousand yen
Amount of reclassification adjustment	-	(14,829 thousand yen)
Before income tax effect	-	169,621 thousand yen
Income tax effect	-	(50,971 thousand yen)
Adjustments related to retirement benefits	-	118,649 thousand yen
Other comprehensive income	819,530 thousand yen	623,519 thousand yen

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

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

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

	Number of shares at the beginning of the current fiscal year	Increase in number of shares during the fiscal year	Decrease in number of shares during the fiscal year	Number of shares at the end of the fiscal year
Shares issued				
Common stock	20,071,093	-	-	20,071,093
Total	20,071,093	-	-	20,071,093
Treasury stock				
Common stock	34	-	-	34
Total	34	-	-	34

2. Dividends

(1) Amount of dividends paid

(Resolution)	Class of shares	Total amount of dividends (thousands of yen)	Dividend per share (yen)	Date of record	Effective date
May 23, 2013 Board of directors' meeting	Common stock	120,426	6	March 31, 2013	June 4, 2013
Oct. 31, 2013 Board of directors' meeting	Common stock	100,355	5	September 30, 2013	December 3, 2013

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

(Resolution)	Class of shares	Total amount of dividends (thousands of yen)	Source of dividends	Dividend per share (yen)	Date of record	Effective date
May 22, 2014 Board of directors' meeting	Common stock	100,355	Retained earnings	5	March 31, 2014	June 2, 2014

Current fiscal year (April 1, 2014 to March 31, 2015)

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

	Number of shares at the beginning of the current fiscal year	Increase in number of shares during the fiscal year	Decrease in number of shares during the fiscal year	Number of shares at the end of the fiscal year
Shares issued				
Common stock	20,071,093	-	-	20,071,093
Total	20,071,093	-	-	20,071,093
Treasury stock				
Common stock	34	-	-	34
Total	34	-	-	34

2. Dividends

(1) Amount of dividends paid

(Resolution)	Class of shares	Total amount of dividends (thousands of yen)	Dividend per share (yen)	Date of record	Effective date
May 22, 2014 Board of directors' meeting	Common stock	100,355	5	March 31, 2014	June 2, 2014
October 31, 2014 Board of directors' meeting	Common stock	120,426	6	September 30, 2014	December 2, 2014

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

(Resolution)	Class of shares	Total amount of dividends (thousands of yen)	Source of dividends	Dividend per share (yen)	Date of record	Effective date
May 19, 2015 Board of directors' meeting	Common stock	160,568	Retained earnings	8	March 31, 2015	May 29, 2015

(Consolidated statement of cash flow)

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

	Previous fiscal year (April 1, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Cash and deposits	4,070,511 thousand yen	5,297,267 thousand yen
Time deposits with maturities extending over three months	(1,097,323 thousand yen)	(1,299,406 thousand yen)
Cash and cash equivalents	2,973,188 thousand yen	3,997,861 thousand yen

(Retirement benefits)

1. Outline of retirement benefits scheme applied

The Company adopts a contract-type defined benefit pension plan operated by multi-employers ("cash balance plan") based on the Defined Benefit Corporate Pension Law for its employees and with regard to Executive Officers not Directors, a retirement benefit pension plan for executive directors is established.

Certain overseas subsidiaries adopt a defined contribution pension scheme. We calculate the retirement benefit costs and liabilities related to retirement benefits by the simplified method for the defined benefit plans of Executive Officers of the Company who are not Directors and consolidated subsidiaries.

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

2. Scheme operated by multiple employers

The required contributions for the employees' pension fund system, which is a scheme operated by multiple employers that is accounted for in the same manner as a defined contribution plan, was 36,710 thousand yen in the previous consolidated fiscal year and 36,471 thousand yen this consolidated fiscal year.

(1) Most recent funded status of the multi-employer plan

	Previous consolidated fiscal year (As of March 31, 2013)	Consolidated fiscal year under review (As of March 31, 2014)
Amount of pension assets	54,319,104 thousand yen	59,788,655 thousand yen
Total of amount of the pension obligations based on the calculation of pension financing in the scheme and minimum reserve amount (Note)	57,853,299	61,919,100
Net amount	(3,534,195)	(2,130,445)

Notes: In the previous consolidated fiscal year, there was an item that was presented separately as "amount of benefit obligations in pension financing calculation."

(2) Amount paid by the Company as a percentage of contributions to the multi-employer system

Previous consolidated fiscal year	1.64%	(From April 1, 2012 To March 31, 2013)
Consolidated fiscal year under review	1.75%	(From April 1, 2013 To March 31, 2014)

(3) Supplemental information

The net amount in (1) above was mainly due to a prior service obligation in pension financing (previous consolidated fiscal year: 1,200,815 thousand yen; consolidated fiscal year under review: 838,381 thousand yen) and a carried forward shortfall and current year surplus (previous consolidated fiscal year: 2,333,380 thousand yen; consolidated fiscal year under review: 1,292,064 thousand yen).

The method of amortizing past service liability in this system is to evenly amortize the principal and interest over a period of 6 years 4 months, and in the Company's consolidated financial statements, we are processing cost (previous consolidated fiscal year: 6,772 thousand yen; consolidated fiscal year under review: 6,849 thousand yen) for special premiums.

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

3. Defined benefit plans

(1) Reconciliation of the beginning and ending balances of retirement benefit obligations (excluding the scheme that applies the simplified method, which is listed in (3))

	Previous consolidated fiscal year (From April 1, 2013 To March 31, 2014)	Consolidated fiscal year under review (From April 1, 2014 To March 31, 2015)
Beginning balance of the retirement benefit obligation	986,085 thousand yen	1,018,669 thousand yen
Cumulative effect of change in accounting policy	-	(42,488)
Opening balance that reflects the change in accounting policy	986,085	976,180
Service cost	71,911	79,460
Interest expense	9,860	9,761
Accruals of actuarial gains and losses	(17,118)	(337)
Payment of retirement benefits	(32,069)	(111,861)
Balance of retirement benefit obligations at end of year	1,018,669	953,203

- (2) Reconciliation of the beginning and ending balances of pension assets (excluding the scheme that applies the simplified method, which is listed in (3))

	Previous consolidated fiscal year (From April 1, 2013 To March 31, 2014)	Consolidated fiscal year under review (From April 1, 2014 To March 31, 2015)
Beginning balance of pension assets	939,707 thousand yen	1,156,373 thousand yen
Expected return on assets	4,698	6,938
Accruals of actuarial gains and losses	116,472	184,112
Contributions from the employer	127,564	130,647
Payment of retirement benefits	(32,069)	(111,861)
Balance of the pension assets at end of year	1,156,373	1,366,210

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

	Previous consolidated fiscal year (From April 1, 2013 To March 31, 2014)	Consolidated fiscal year under review (From April 1, 2014 To March 31, 2015)
Beginning balance of the liability for retirement benefits	72,130 thousand yen	67,619 thousand yen
Payment of retirement benefits	22,935	4,040
Payment of retirement benefits	(28,570)	(13,270)
Other	1,124	1,221
Ending balance of the liability for retirement benefits	67,619	59,610

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

	Previous consolidated fiscal year (March 31, 2014)	Consolidated fiscal year under review (March 31, 2015)
Retirement benefit obligation of funded plans	1,052,694 thousand yen	991,084 thousand yen
Pension assets	1,173,958	1,387,510
	(121,264)	(396,425)
Retirement benefit obligation of unfunded plans	51,180	43,030
Net amount of liabilities and assets that have been recorded in the consolidated balance sheet	(70,084)	(353,395)
	67,619	59,610
Liabilities related to retirement benefits	(137,703)	(413,006)
Net defined benefit asset	(70,084)	(353,395)
Net amount of liabilities and assets that have been recorded in the consolidated balance sheet	(70,084)	(353,395)

- (5) Amount of retirement benefit costs and their breakdown

	Previous consolidated fiscal year (From April 1, 2013 To March 31, 2014)	Consolidated fiscal year under review (From April 1, 2014 To March 31, 2015)
Service cost	71,911 thousand yen	79,460 thousand yen
Interest expense	9,860	9,761
Expected return on assets	(4,698)	(6,938)
Expensed amount of actuarial gains and losses	(7,800)	(33,713)
Expensed amount of prior service cost	18,883	18,883
Retirement benefit costs which are calculated using the simplified method	22,935	4,040
Retirement benefit cost of defined benefit plans	111,092	71,494

- (6) Adjustments related to retirement benefits

A breakdown of the items that were recorded in the adjustments for retirement benefits (before making deductions for the tax effect) is as follows.

	Previous consolidated fiscal year (From April 1, 2013 To March 31, 2014)	Consolidated fiscal year under review (From April 1, 2014 To March 31, 2015)
Prior service cost	- thousand yen	(18,883 thousand yen)
Accruals of actuarial gains and losses	-	(150,737)
Total	-	(169,621)

- (7) Cumulative adjustment to retirement benefits

A breakdown of the items that were recorded in the cumulative adjustments for retirement benefits (before making deductions for the tax effect) is as follows.

	Previous consolidated fiscal year (March 31, 2014)	Consolidated fiscal year under review (March 31, 2015)
Unrecognized prior service cost	51,930 thousand yen	33,046 thousand yen
Difference with unrecognized actuarial gain and loss	(163,657)	(314,394)
Total	(111,727)	(281,348)

(8) Matters relating to pension assets

i) Main components of the pension assets

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

	Previous consolidated fiscal year (March 31, 2014)	Consolidated fiscal year under review (March 31, 2015)
Bonds	27%	24%
Stocks	49	55
General accounts	19	12
Other	5	9
Total	100	100

ii) Method of setting the expected long-term rate of return on pension assets

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

(9) Matters relating to actuarial assumptions

Major actuarial assumptions (representing a weighted average)

	Previous consolidated fiscal year (March 31, 2014)	Consolidated fiscal year under review (March 31, 2015)
Discount rate	1.2%	0.8%
Expected long-term rate of return on pension assets	0.5	0.6

4. Defined contribution plans

The required contributions to defined contribution plans of consolidated subsidiaries that use defined contribution plans came to 28,758 thousand yen for the previous consolidated fiscal year (April 1, 2013 to March 31, 2014) and 36,253 thousand yen for the consolidated fiscal year under review (April 1, 2014 to March 31, 2015).

(Deferred tax accounting)

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

(Current Assets)

	Previous fiscal year (March 31, 2014)	Current fiscal year (March 31, 2015)
Deferred tax assets		
Allowance for bonuses	78,354 thousand yen	67,454 thousand yen
Accrued enterprise tax	22,848 thousand yen	21,178 thousand yen
Social insurance premiums	11,837 thousand yen	10,727 thousand yen
Carry forward of foreign tax credits	2,900 thousand yen	- thousand yen
Unrealized income on inventory assets	91,635 thousand yen	79,812 thousand yen
Other	13,900 thousand yen	20,529 thousand yen
Total deferred tax assets	221,476 thousand yen	199,701 thousand yen
Deferred tax liabilities		
Other	58 thousand yen	35 thousand yen
Total deferred tax liabilities	58 thousand yen	35 thousand yen
Net deferred tax assets	221,417 thousand yen	199,666 thousand yen

(Fixed Assets)

	Previous fiscal year (March 31, 2014)	Current fiscal year (March 31, 2015)
Deferred tax assets		
Unpaid directors' retirement benefits	5,096 thousand yen	4,618 thousand yen
Allowance for doubtful accounts	65 thousand yen	8,539 thousand yen
Liabilities relating to retirement benefits	21,009 thousand yen	16,695 thousand yen
Carry forward of foreign tax credits	32,000 thousand yen	- thousand yen
Impairment loss	205,112 thousand yen	185,863 thousand yen
Other	10,350 thousand yen	43,474 thousand yen
Subtotal	273,634 thousand yen	259,191 thousand yen
Valuation allowance	(243,664 thousand yen)	(221,117 thousand yen)
Total deferred tax assets	29,970 thousand yen	38,074 thousand yen
Deferred tax liabilities		
Valuation difference on available-for-sale securities	40,301 thousand yen	68,311 thousand yen
Retained earnings of overseas subsidiaries	354,574 thousand yen	477,894 thousand yen
Assets related to retirement benefits	49,008 thousand yen	133,194 thousand yen
Other	11 thousand yen	0 thousand yen
Total deferred tax liabilities	443,895 thousand yen	679,400 thousand yen
Net deferred tax liabilities	413,925 thousand yen	641,326 thousand yen

The amount of "net deferred tax liabilities" (previous fiscal year 413,925 thousand yen; current fiscal year: 641,326 thousand yen) is included in the following items in the consolidated balance sheet.

	Previous fiscal year (March 31, 2014)	Current fiscal year (March 31, 2015)
Fixed assets - deferred tax assets	6,391 thousand yen	14,090 thousand yen
Fixed liabilities - deferred tax liabilities	420,316 thousand yen	655,416 thousand yen

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

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

- 3 Revision to the amount of deferred tax assets and deferred tax liabilities due to changes in the tax rate for income taxes

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 9 of 2015) and Act to Amend the Local Taxation Act, etc. (Act No. 2 of 2015) were promulgated on March 31, 2015 and there is to be a cut in the income tax rate from the consolidated fiscal years beginning on April 1, 2015 or after. Accompanying this, the statutory tax rate used to calculate the deferred tax assets and deferred tax liabilities will change from the conventional 35.6% to 33.0% for a temporary difference whose cancellation is expected in the consolidated fiscal years beginning on April 1, 2015 or after, and to 32.3% for a temporary difference whose cancellation is expected in the consolidated fiscal years beginning on April 1, 2016 or after.

As a result of this tax rate change, the amount of deferred tax liabilities (net of the amount of deferred tax assets) will decrease by 15,160 thousand yen, total adjustments for retirement benefits will increase by 9,397 thousand yen, income taxes-deferred will increase by 1,311 thousand yen, and valuation difference on available-for-sale securities will increase by 7,074 thousand yen.

(Segment information)

[Information by operating segment]

1. Overview of reportable segments

The Company's reportable segments are those for which financial information on the Company's separate units is available and such information is used by the Board of Directors to decide how to allocate management resources and to evaluate achievements. Thus, they are subject to regular reviews.

The Company's Group mainly manufactures and sells chemicals involved in manufacturing PCBs. The Company is located in Japan. Overseas, it has bases in Taiwan, Hong Kong, China, and Europe (mainly Germany, Italy, and Austria). These are respectively overseen by MEC TAIWAN COMPANY LTD.; MEC (HONG KONG) LTD.; MEC FINE CHEMICAL (ZHUHAI) LTD.; MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD.; and MEC EUROPE NV. Each local corporation is an independent business unit. They formulate comprehensive strategies for each region with regards to the products they handle, and expand their business activities.

Therefore, the Company's Group consists of segments that are separated on the basis of their regional production and marketing systems. There are five reportable segments: Japan, Taiwan, Hong Kong (Hong Kong, Zhuhai), China (Suzhou), and Europe.

2. Method of calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

The method of accounting treatment used for reportable business segments is approximately the same as that stated in "Basis of presentation and summary of significant accounting policies for the preparation of consolidated financial statements."

Figures for the profits at reportable segments are based on operating income.

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

(Application of Accounting Standards for Retirement Benefits)

With regards to the "Accounting Standard for Retirement Benefits" (Corporate Accounting Standard No. 26, May 17, 2012; hereinafter referred to as the "Accounting Standard for Retirement Benefits") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015 (hereinafter referred to as the "Guidance on Accounting Standard for Retirement Benefits")), the provisions set out in Section 35 of the Accounting Standard for Retirement Benefits and Section 67 of the Guidance on Accounting Standard for Retirement Benefits were applied from the current consolidated fiscal year. At the same time, we reviewed the method of calculating our retirement benefit obligations and service costs and changed from using the service period basis as the attribution method for projected retirement benefits to a benefit formula criteria. In addition, with regards to the method of determining the discount rate, we changed from a discount rate based on the number of years that approximates to the average remaining service period of employees to a single weighted average discount rate that reflects the amount of payment for the expected payment period of retirement benefits and the expected payment period.

The impact of this change this on segment profit is immaterial.

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

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

(in thousands of yen)

	Reportable segment					Total
	Japan	Taiwan	Hong Kong	China	Europe	
Net sales						
Sales to external customers	4,448,832	1,577,221	626,271	852,582	498,476	8,003,384
Inter-segment sales and transfers	1,362,548	7,440	2,042	2,106	86,052	1,460,191
Total	5,811,381	1,584,661	628,313	854,688	584,529	9,463,575
Segment profit	1,014,819	164,790	90,506	225,626	28,451	1,524,194
Segment assets	8,833,921	2,249,633	1,061,853	1,384,418	502,079	14,031,906
Other items						
Depreciation and amortization	183,833	51,577	26,631	34,669	15,426	312,138
Increase in property, plant and equipment and intangible assets	171,088	22,436	12,974	28,620	19,051	254,170

Current fiscal year (April 1, 2014 to March 31, 2015)

(in thousands of yen)

	Reportable segment					Total
	Japan	Taiwan	Hong Kong	China	Europe	
Net sales						
Sales to external customers	4,716,663	1,866,976	801,621	1,007,356	664,704	9,057,322
Inter-segment sales and transfers	1,557,508	2,111	1,757	1,339	81,991	1,644,709
Total	6,274,172	1,869,087	803,379	1,008,696	746,696	10,702,032
Segment profit	1,259,282	244,988	186,550	228,720	74,659	1,994,202
Segment assets	10,130,130	2,405,678	1,313,628	1,625,948	506,405	15,981,791
Other items						
Depreciation and amortization	205,270	48,665	26,268	40,860	15,826	336,891
Increase in property, plant and equipment and intangible assets	219,639	23,498	5,472	16,523	18,494	283,629

4. Differences between the total amount at reportable segments and the amount stated in the consolidated financial statements, and main details of such differences (matters concerning reconciliation)

(in thousands of yen)

Net sales	Previous fiscal year	Current fiscal year
Reportable segment total	9,463,575	10,702,032
Intersegment eliminations	(1,460,191)	(1,644,709)
Sales stated in the Consolidated Financial Statements	8,003,384	9,057,322

(in thousands of yen)

Profit	Previous fiscal year	Current fiscal year
Reportable segment total	1,524,194	1,994,202
Intersegment eliminations	(102,504)	14,318
Operating income in the Consolidated Financial Statements	1,421,690	2,008,520

(in thousands of yen)

Assets	Previous fiscal year	Current fiscal year
Reportable segment total	14,031,906	15,981,791
Intersegment eliminations	(1,162,401)	(1,335,655)
Total assets in the Consolidated Financial Statements	12,869,504	14,646,135

(in thousands of yen)

Other items	Reportable segment total		Adjustment		Amount stated in the Consolidated Financial Statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation and amortization	312,138	336,891	(14)	-	312,123	336,891
Increase in property, plant and equipment and intangible assets	254,170	283,629	-	-	254,170	283,629

[Related Information]

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

1. Information by product and by service

Because there is a single category of products and services, information by product or by service is omitted.

2. Information by geographical segment

(1) Net sales

(in thousands of yen)

Japan	Taiwan	China	Other	Total
4,105,003	1,569,175	1,478,853	850,352	8,003,384

Note: Net sales to customers are based on location, and are classified by country or region.

(2) Tangible fixed assets

(in thousands of yen)

Japan	Taiwan	China	Europe	Total
3,395,933	794,534	570,739	77,169	4,838,376

3. Information on each major customer

Of sales to external customers, because there is no destination for 10% or more of net sales in the consolidated statements of income, the statement of such has been omitted in this material.

Current fiscal year (April 1, 2014 to March 31, 2015)

1. Information by product and by service

Because there is a single category of products and services, information by product or by service is omitted.

2. Information by geographical segment

(1) Net sales

(in thousands of yen)

Japan	Taiwan	China	Other	Total
4,309,321	1,844,669	1,808,978	1,094,353	9,057,322

Note: Net sales to customers are based on location, and are classified by country or region.

(2) Tangible fixed assets

(in thousands of yen)

Japan	Taiwan	China	Europe	Total
3,409,264	833,461	585,602	66,386	4,894,715

3. Information on each major customer

Of sales to external customers, because there is no destination for 10% or more of net sales in the consolidated statements of income, the statement of such has been omitted in this material.

[Information on impairment of fixed assets by reportable segment]

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

(in thousands of yen)

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

Current fiscal year (April 1, 2014 to March 31, 2015)

N/A

[Information on amortized and unamortized goodwill by reportable segment]

N/A

[Information on gain on negative goodwill by reportable segment]

N/A

(Per share information)

Item	Previous fiscal year (April 1, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Net assets per share	511.44 yen	599.85 yen
Net income per share	46.09 yen	66.98 yen

Notes: 1. Information of diluted net income per share is omitted because of no issue of potential stocks.

2. Calculation of net earnings per share was based on the following numerators and denominators.

	Previous fiscal year (April 1, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Net income (thousands of yen)	925,102	1,344,329
Amount not available for common shareholders (thousands of yen)	-	-
Net profit available for common stocks (thousands of yen)	925,102	1,344,329
Weighted-average number of common shares outstanding during the year (shares)	20,071,059	20,071,059

(Important subsequent events)

N/A

6. Non-consolidated financial statements

(1) Balance sheet

(in thousands of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	2,074,040	2,904,755
Notes receivable - trade	435,141	270,945
Accounts receivable - trade	1,014,213	1,230,264
Merchandise and finished goods	92,187	82,859
Raw materials and supplies	162,722	111,093
Prepaid expenses	16,605	17,161
Deferred tax assets	121,862	118,495
Accounts receivable - other	297,184	551,588
Other	6,060	5,873
Allowance for doubtful accounts	(709)	—
Total current assets	4,219,308	5,293,039
Non-current assets		
Property, plant and equipment		
Buildings	772,601	746,975
Structures	42,365	39,188
Machinery and equipment	236,341	230,593
Vehicles	11,986	12,437
Tools, furniture and fixtures	55,532	61,603
Land	2,274,036	2,274,036
Construction in progress	3,070	44,429
Total property, plant and equipment	3,395,933	3,409,264
Intangible assets		
Leasehold right	29,380	29,380
Software	10,815	7,183
Other	2,086	2,002
Total intangible assets	42,282	38,566
Investments and other assets		
Investment securities	405,090	512,486
Shares of subsidiaries and associates	687,935	687,935
Investments in capital	5	5
Long-term prepaid expenses	890	549
Prepaid pension cost	25,976	131,658
Other	56,498	56,626
Total investments and other assets	1,176,397	1,389,261
Total non-current assets	4,614,613	4,837,091
Total assets	8,833,921	10,130,130

(in thousands of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Notes payable - trade	453,774	415,151
Accounts payable - trade	163,442	149,100
Accounts payable - other	218,351	221,996
Accrued expenses	49,837	50,926
Income taxes payable	272,204	258,204
Deposits received	11,120	11,612
Provision for bonuses	220,157	204,282
Provision for directors' bonuses	30,950	47,830
Notes payable - facilities	73,129	80,865
Other	4,477	1,077
Total current liabilities	1,497,445	1,441,047
Non-current liabilities		
Provision for retirement benefits	51,180	43,030
Deferred tax liabilities	25,972	86,782
Asset retirement obligations	3,388	3,397
Other	23,383	23,394
Total non-current liabilities	103,923	156,603
Total liabilities	1,601,369	1,597,651
Net assets		
Shareholders' equity		
Capital stock	594,142	594,142
Capital surplus		
Legal capital surplus	446,358	446,358
Total capital surpluses	446,358	446,358
Retained earnings		
Legal retained earnings	63,557	63,557
Other retained earnings		
General reserve	4,800,000	5,300,000
Retained earnings brought forward	1,254,870	1,984,226
Total retained earnings	6,118,427	7,347,784
Treasury shares	(12)	(12)
Total shareholders' equity	7,158,916	8,388,272
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	73,635	144,206
Total valuation and translation adjustments	73,635	144,206
Total net assets	7,232,551	8,532,479
Total liabilities and net assets	8,833,921	10,130,130

(2) Statement of income

(単位：千円)

	前事業年度 (自 平成25年4月1日 至 平成26年3月31日)	当事業年度 (自 平成26年4月1日 至 平成27年3月31日)
Net sales	5,811,381	6,274,172
Cost of sales	2,154,258	2,212,628
Gross profit	3,657,123	4,061,544
Selling, general and administrative expenses	2,642,304	2,802,261
Operating income	1,014,819	1,259,282
Non-operating income		
Interest and dividend income	302,765	556,704
Foreign exchange gains	27,086	31,532
Other	24,132	26,510
Total non-operating income	353,985	614,747
Non-operating expenses		
Interest expenses	1,073	—
Other	196	279
Total non-operating expenses	1,269	279
Ordinary income	1,367,535	1,873,750
Extraordinary income		
Gain on sales of non-current assets	163	667
Total extraordinary income	163	667
Extraordinary losses		
Loss on sales of non-current assets	401	10
Loss on retirement of non-current assets	8,195	6,591
Impairment loss	43,000	—
Total extraordinary losses	51,597	6,601
Income before income taxes	1,316,100	1,867,815
Income taxes - current	360,000	424,000
Income taxes - deferred	20,006	21,044
Total income taxes	380,006	445,044
Net income	936,094	1,422,771

[Details of cost of sales]

		Previous fiscal year (April 1, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Category	Note no	Amount (thousand yen)	Amount (thousand yen)
Product cost		1,734,338	1,805,667
Cost of goods		315,996	292,986
Repair cost		21,321	17,127
Cost of sales of raw materials		82,600	96,846
Total cost of sales		2,154,258	2,212,628

(3) Statement of changes in equity

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

(in thousands of yen)

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

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

Current fiscal year (April 1, 2014 to March 31, 2015)

(in thousands of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
					General reserve	Retained earnings brought forward			
Balance at beginning of current period	594,142	446,358	446,358	63,557	4,800,000	1,254,870	6,118,427	(12)	7,158,916
Cumulative effects of changes in accounting policies						27,367	27,367		27,367
Restated balance	594,142	446,358	446,358	63,557	4,800,000	1,282,237	6,145,794	(12)	7,186,283
Changes of items during period									
Provision of general reserve					500,000	(500,000)	—		—
Dividends of surplus						(220,781)	(220,781)		(220,781)
Net income						1,422,771	1,422,771		1,422,771
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	—	—	500,000	701,989	1,201,989	—	1,201,989
Balance at end of current period	594,142	446,358	446,358	63,557	5,300,000	1,984,226	7,347,784	(12)	8,388,272

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	73,635	73,635	7,232,551
Cumulative effects of changes in accounting policies			27,367
Restated balance	73,635	73,635	7,259,918
Changes of items during period			
Provision of general reserve			—
Dividends of surplus			(220,781)
Net income			1,422,771
Net changes of items other than shareholders' equity	70,571	70,571	70,571
Total changes of items during period	70,571	70,571	1,272,560
Balance at end of current period	144,206	144,206	8,532,479

7. Other

Transfer of Officers

i) Retiring Directors

Name	New position	Current position
Yoshiro MIZOGUCHI	Special Advisor	Director, member of the Board Senior Executive Operating Officer, Assistant to President
Hirofumi NISHIKAWA	Advisor	Director, Member of the Board Executive Operating Officer, In charge of Production Unit and New Business Development

ii) Candidates for newly appointed Executive Officers

Name	New position	Current position
Tetsuo KIDA	Operating Officer, New Business Development	Director, New Business Development
Sachiko NAKAMURA	Operating Officer, Technical Development Center, Research & Development Unit	General Manager, Technical Development Center, Research & Development Unit

* Please refer to the press release “Personal changes regarding Director, Auditor, Executive Officer and subsidiary's CEO & President” issued on May 8, 2015 for their brief personal histories.

iii) Planned changes to Directors and Executive Officers

Name	New position	Current position
Makoto NAGAI	Director, Member of the Board Senior Executive Operating officer, Business Division and MEC TAIWAN COMPANY LTD. In charge of New Business Development	Director, Member of the Board Executive Operating Officer, Business Division and MEC TAIWAN COMPANY LTD.
Toshiko NAKAGAWA	Director, Member of the Board Executive Operating Officer Research & Development Unit and Business Planning Office In charge of Production Unit	Director, Member of the Board Executive Operating Officer Research & Development Unit and Business Planning Office

iv) New Auditor Candidate

Name	New position	Current position
Taro MATSUSHITA	Corporate Auditor	Director, In charge of Special Mission Finance & Administration Unit

* Please refer to the press release “Personal changes regarding Director, Auditor, Executive Officer and subsidiary's CEO & President” issued on May 8, 2015 for their brief personal histories.

v) Retiring Auditor

Name	New position	Current position
Hideaki MATSUYAMA	-	Auditor(Outside Auditor)

vi) Planned date of personnel changes: June 19, 2015

* Please refer to the press release “Personal changes regarding Director, Auditor, Executive Officer and subsidiary's CEO & President” issued on May 8, 2015 for details of other changes.