Consolidated Financial Results for the Year Ending March 31, 2016[JA-GAAP]

May 10, 2016
Stock exchange listing:Tokyo Stock Exchange

Company Name: MEC COMPANY LTD.
Stock Code No.: 4971 Company URL: http://www.mec-co.com/en/
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Date of General Meeting of Shareholders (Scheduled): June 21, 2016
Commencement Date of Dividend Payment (Scheduled): May 31, 2016
Date of Filing the Financial Report (Scheduled): June 22, 2016
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, 2016 (April 1, 2015 to March 31, 2016)

(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, 2016	9,078	0.2	2,185	8.8	2,207	3.7	1,514	12.7
Year ended March 31, 2015	9,057	13.2	2,008	41.3	2,129	37.2	1,344	45.3

Note: Comprehensive income for fiscal year ended March 31, 2016:1,123 million yen (-42.9%);fiscal year ended March 31, 2015:1,967 million yen (12.8%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	76.26	-	12.5	14.5	24.1
Year ended March 31, 2015	66.98	-	12.1	15.5	22.2

(Reference) Investment profit or loss according to the equity method:Year ended March 31, 2016: - million yen Year ended March 31, 2015: - 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, 2016	15,715	12,250	78.0	632.41
Year ended March 31, 2015	14,646	12,039	82.2	599.85

(Reference) Shareholder's equity:Year ended March 31, 2016: 12,250 million yen Year ended March 31, 2015:12,039 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, 2016	1,796	(1,372)	(912)	3,422
Year ended March 31, 2015	1,489	(399)	(220)	3,997

2. Dividends

	Annual dividend					Total cash dividends (Annual)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
	1Q	2Q	3Q	4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2015	-	6.00	-	8.00	14.00	280	20.9	2.5
Year ended March 31, 2016	-	8.00	-	10.00	18.00	354	23.6	2.9
Year ending March 31, 2017 (Estimated)	-	10.00	-	10.00	20.00		26.7	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(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)	4,260	(4.4)	950	(4.0)	980	(2.7)	740	5.3	38.20
Full year	8,900	(2.0)	2,000	(8.5)	2,050	(7.2)	1,450	(4.3)	74.85

* 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 17of the attachment.

  (3) Number of shares outstanding (Common stock)

1) Number of shares outstanding (including treasury stock) issued as of:	Year ended March 31, 2016	20,071,093 shares	Year ended March 31, 2015	20,071,093 shares
2) Number of shares of treasury stock:	Year ended March 31, 2016	700,089 shares	Year ended March 31, 2015	34 shares
3) Average number of shares during the period:	Year ended March 31, 2016	19,863,358 shares	Year ended March 31, 2015	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 3 of the attachment.
  - The Company plans to hold a briefing session for institutional investors and analysts on Wednesday, May 12, 2016. We have published materials for the briefing session on our website.

○ Table of Contents for Attached Material

1. Analysis relating to the operating results and financial situation

(1) Analysis relating to the operating results

[Outline of the current period]

Looking at the world economy in the consolidated fiscal year under review (April 1, 2015 to March 31, 2016), although the U.S. economy expanded moderately, in the second half the speed of that recovery slowed down, affected by factors such as low crude oil prices and a strong dollar. In addition, the economies of emerging Asian countries, centering on China, had a tendency to decelerate, but Europe remained on a gradual recovery trend.

In Japan, the economy continued to recover moderately. On the other hand, there is an ongoing situation where the weakness of domestic demand has been apparent, such as a delay in companies and households using their income for capital investment and personal consumption.

In the electronics industry, amid sluggish demand for personal computers and tablets, inventory adjustments of smartphones began in the second half of the fiscal year. On the other hand, markets related to the Internet of Things (IoT) have been rapidly growing in recent years, and there is steady demand for devices and servers for aggregating and analyzing big data.

Based on this kind of environment, the Company’s Group has seen favorable sales of the CZ Series of ultra-roughening agents that significantly improve the adhesion strength between copper and resin, the EXE Series of products that realize a high-density wiring pattern with the etching method, and the CA and CB Series of agents for treating the surface of copper for use in flexible substrates. FlatBOND has been adopted for manufacturing electronic substrates that are capable of high-speed data transmission. However, there have been sluggish sales of chemicals for use in touch panels accompanying the weak sales of tablets.

AMALPHA is a technique for directly bonding a metal and a resin, and it has been newly adopted as a chemical for use in the process of manufacturing the housing of some mobile devices. We will continue with development and sales activities, as we aim to have it adopted for industrial robots, automobiles and the like.

As a result, net sales for the consolidated fiscal year under review amounted to 9,078 million yen (up 0.2% year-on-year), operating income was 2,185 million yen (up 8.8% year-on-year), ordinary income was 2,207 million yen (up 3.7% year-on-year), and profit attributable to owners of parent for the fiscal year was 1,514 million yen (up 12.7% year-on-year).

In addition, the Company has a policy and making efforts to select and appoint women to executive and management positions, in order to promote the development of a workplace environment in which women can be active, while also having a track record in that regard, along with disclosing information on those efforts. In connection with this, for the Company was commended with the “2015 Minister of State Award” in the “Award for Advanced Enterprise in which Women Can Shine” issued by the Cabinet Office.

[Prospects for the next period]

In the world economy in the next fiscal year, because there is a sense of uncertainty about the future with regards to trends of exchange rates and crude oil prices, we believe the situation will be one in which we cannot be excessively optimistic. In the Japanese economy, we believe there will be an ongoing situation where there is strong uncertainty about the future. This will include uncertainty about a slowdown in overseas economies, trends in financial markets, and the strong yen. However, in the second half we expect to see a gradual economic recovery with last-minute demand before the consumption tax hike.

In the electronics industry, the outlook for the smartphone market is uncertain due to its slowing growth rate. But we believe IoT-related and automotive-related demand will be strong.

In this situation, the Group will strive to increase the market share of our products for use with electronic substrates for smartphones and tablets, while also expanding application of the CZ Series in the automobile field, where reliability and safety are essential. In addition, we are also seeing good results in terms of applying the EXE series, which has become a world standard for liquid crystal televisions, to smartphone motherboards (HDI). Further, we will continue focus on having horizontal development of products for use in flexible substrates and package substrates.

Based on this situation, the full-year consolidated forecasts for the year ending March 31, 2017 (April 1, 2016 to March 31, 2017) are as follows.

	Year ended March 31, 2016 (Million yen)	Year ending March 31, 2017 (Million yen)	Percentage change (%)
Net sales	9,078	8,900	(2.0)
Operating income	2,185	2,000	(8.5)
Ordinary income	2,207	2,050	(7.2)
Profit attributable to owners of parent	1,514	1,450	(4.3)

(2) Analysis relating to the financial situation

[Analysis of the financial situation]

There was a decrease in cash and cash equivalents due to payments for acquiring treasury stock and for constructing the Amagasaki Plant. Also, fixed assets increased due to factors such as the building of a mission-critical system related to the Amagasaki Plant. Hence, assets posted 15,715 million yen, up 1,069 million yen year on year.

There was an increase in accounts payable for construction of facilities, related to constructing the Amagasaki Plant, and hence liabilities came to 3,465 million yen, up 858 million yen compared with the previous fiscal year.

Net assets grew due to an increase in retained earnings as a result of a higher net profit, but fell due to the acquisition of treasury stock. Overall, net assets were 12,250 million yen, up 210 million yen compared with the same period of the previous fiscal year.

As a result of the above, the equity ratio reached 78.0%.

[Analysis of cash flow]

Looking at the financial position in the current consolidated fiscal year, cash and cash equivalents (hereinafter referred to as "cash") fell 574 million yen compared with the previous year to record 3,422 million yen.

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

(Cash flow from operating activities)

Cash from operating activities amounted to 1,796 million yen (up 307 million yen year-on-year). This was mainly because we recorded net income before corporate income taxes of 2,154 million yen and income taxes paid of 677 million yen.

(Cash flow from investment activities)

As a result of investment activities, cash used amounted to 1,372 million yen (up 973 million yen year-on-year). This was mainly because payments to acquire tangible fixed assets came to 1,221 million yen and payments for acquiring intangible assets were 102 million yen.

(Cash flow from financial activities)

As a result of financing activities, cash used amounted to 912 million yen (up 691 million yen year-on-year). This was mainly due to a payment of 591 million yen to acquire treasury stock and dividend payments amounting to 320 million yen.

Changes in cash flow indicators

	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Equity ratio (%)	76.9%	79.7%	79.8%	82.2%	78.0%
Equity ratio based on market value (%)	62.7%	95.0%	125.1%	113.2%	106.9%
Debt repayment period (years)	0.6	0.7	-	-	-
Interest coverage ratio	309.7	230.1	1637.1	-	-

(Note) Equity ratio : Shareholders’ equity / net assets

Equity ratio based on market value : Stock market capitalization / total assets

Debt repayment period : Interest-bearing debt / cash flow from operating activities

Interest coverage ratio : Cash flow from operating activities / interest payment

1 Each of these indicators was calculated on a consolidated basis.

2 Stock market capitalization is calculated by multiplying the closing share price by the number of shares outstanding at the end of the period.

3 The figures for operating cash flow come from the “cash flow from operating activities” in the consolidated statements of cash flows. Interest-bearing debt consists of all liabilities on which interest is paid that are recorded in the consolidated balance sheet. Further, the figures for interest payment come from the amount of interest paid as stated in the consolidated statements of cash flows.

(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 management of intellectual property rights for chemical products is one of the key management issues from the viewpoint of risk management. Based on an intellectual property strategy, we are acquiring and managing rights worldwide, but we cannot assure that there are no infringements of our intellectual property rights by third parties in a way that goes beyond our assumptions. Such circumstances, if they occurred, could have a negative impact on our financial results.

8 Environmental regulations
The chemicals for electronic substrates and parts that the Company's Group makes use a variety of chemical substances. 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 make sure we comply with such regulations, if it is hard to observe them due to amendments to laws or regulations, or if the product development of our group does not proceed as planned, 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.

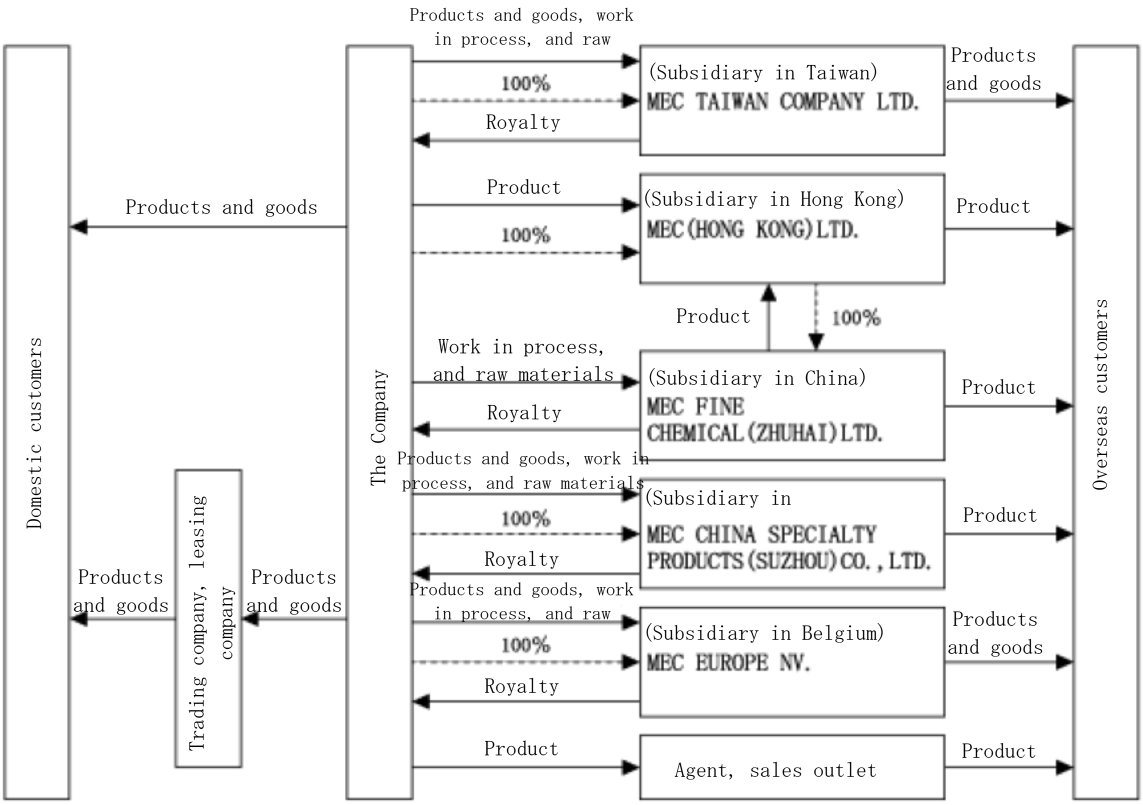
12 Risk of effects of disasters
So that the production activities of the Company's Group are not impeded by natural disasters such as earthquakes and floods, and other disasters, we have established production bases that are spread apart geographically. However, in the event that we are affected by disasters 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 electronic substrates and parts we produce are also affected by that, then the Group's earnings and financial condition may be impacted.

2. Situation of the Corporate Group

The Group consists of the Company and five consolidated subsidiaries. Our consolidated subsidiaries are located in Taiwan, Hong Kong, China, and Europe (Belgium), and we have adopted a system that allows us to meet needs in the markets for PCB and electronic parts all over the world. The Group's businesses are manufacturing and selling chemicals for use in PCB and displays, and selling machinery and materials for use in making PCB.
In addition, the following categories are the same as those stated in "4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Segment Information)."

<table>
<tr><th>Category</th><th>Company name</th><th>Business category</th><th colspan="2">Product category</th><th>Main products and services</th></tr>
<tr><td>Japan</td><td>MEC COMPANY LTD.</td><td rowspan="5">Materials for print circuit board (PCB) and electronic parts</td><td rowspan="3">Products</td><td rowspan="2">Chemicals for PCB, chemicals for displays</td><td rowspan="2">Adhesion promoters, etchants, and other surface treatment agents</td></tr>
<tr><td>Taiwan</td><td>MEC TAIWAN COMPANY LTD.</td></tr>
<tr><td>Hong Kong (Hong Kong, Zhuhai)</td><td>MEC (HONG KONG) LTD.
MEC FINE CHEMICAL (ZHUHAI) LTD.</td><td>Machinery for PCB</td><td>Chemical treatment machines, various types of pre-processing and post-processing machinery</td></tr>
<tr><td>China (Suzhou)</td><td>MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD.</td><td>Goods</td><td>Materials for PCB</td><td>Copper foil, dry film</td></tr>
<tr><td>Europe</td><td>MEC EUROPE NV.</td><td colspan="2">Other</td><td>Mechanical repair</td></tr>
</table>

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

We are now in an era of IoT, where all things are linked by placing ICT (information and communication technology) at the core, and big data processing technology is required. And the significance of the existence of advanced electronic equipment, centered on semiconductors, as a key industry in all areas of technology, including automotive, medical, and robotic, continues to increase. Further, competition between enterprises in the electronic substrate and parts manufacturing industry, which supports all of those other technologies, is undergoing further globalization.

Under these circumstances, while maintaining the strong competitiveness we enjoy in the domestic electronic substrate and parts industry, we will focus 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 higher-density electronic substrates 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 focuses on consolidated operating profit to return profits to shareholders in accordance with profit levels, and uses promoting the sustainable improvement of ROE as a management indicator.

Item	44th Term (Year ended March 31, 2013)	45th Term (Year ended March 31, 2014)	46th Term (Year ended March 31, 2015)	47th Term (Fiscal year under review) (Year ended March 31, 2016)
Consolidated operating income (million yen)	917	1,421	2,008	2,185
ROE (%)	7.6	9.8	12.1	12.5

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

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

(1) Handling of high-density electronic substrates and highly reliable electronic substrate technology

The Company’s CZ Series of roughening agents for copper surface treatment are acquiring an exclusive worldwide share of the market as pre-processing agents that improve the adhesion between copper and resin, and are used in package substrates for communication terminals and servers.

In order to allow smartphones and tablets 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 applications of the Company’s CZ Series and CI Series for removing the copper seed layer may expand, and so we are focusing on product development and sales to that end.

FlatBOND, which can handle high-frequency electronic substrates, has been adopted for manufacturing high-density multi-layer electronic substrates of some mobile phone base stations. Utilizing these good results, there is a possibility that it may see large growth in future, for use in fifth-generation communication base stations due to the trend toward high-frequency products for use in automotive sensors and such like.

(2) Handling of flexible substrates

The Company’s chemicals for use in manufacturing electronics substrates have a large share of the market for high-density substrates of package substrates and the like, but they have not been competitive in terms of cost with respect to flexible substrates. However, tablets and smartphones use a number of flexible substrates 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 substrates.

(3) Horizontal development of the EXE Series

We are focusing on growing our business in areas other than electronic substrates, as a horizontal expansion of our chemicals.

As a recent track record, our chemicals have been used in manufacturing electronic components for the displays of liquid crystal televisions, and they have become an industry standard.

Our EXE Series are widely used in the process of COF (Chip on Film) to mount a liquid crystal driver that is used in a display. From now, the electronic components of mobile devices such as smartphones and tablets will become more and more miniaturized. And substrates for mounting the parts will also become higher density ones. Hence, it is thought that it will become difficult to form a wiring pattern with the normal etching method. Therefore, manufacturers are considering adopting our EXE Series that they can use to form a high-density wiring pattern with their existing equipment. We will expand our business in this area, and strive to expand sales.

(4) Handling of overseas markets

In the domestic Japanese electronic substrate and parts market, the Company is confident that it has built a strong position as an enterprise that helps to solve cost, technology and environmental issues at the manufacturers that are its customers. Moreover, we believe in regard to future trends in the Japanese electronic substrate 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.

Also in the Asian market, we have focused on acquiring customers, established subsidiaries in Taiwan and China whose economies are continuing to grow, opened an office in Vietnam, and produced successful results. In future, we will continue with our policy to strengthen the support capabilities of all overseas subsidiaries and offices, and make contributions to the stable procurement of materials and development of chemicals for overseas markets. In this way, we will work to promote the improvement of customer satisfaction in all regions and continue to expand sales in overseas markets.

Based on the development of these management strategies, the Group will aim to acquire a position in the global electronic substrate industry that has 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.

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

The Group specializes in electronic substrate and parts material business and has the risk of being strongly affected by production trends of electronic substrates and parts. To reduce the risk, we will utilize the technology we have accumulated so far and work to establish technology that allows them to be applied in new areas. More specifically, we are refining technology called AMALPHA that can contribute to reducing the weight of products by eliminating the need for adhesive and roughening the surface of metals such as nickel, aluminum and stainless steel to improve their adhesion to plastic.

(2) Strategy for overseas markets

The Company's Group is building a strong sales network that covers the electronic substrate and parts market in Japan. In the Asian market also, we have focused on acquiring customers other than Japanese affiliated ones, and had some success in doing that.

On the other hand, we will strategically select general chemicals, which are products for which the Company cannot demonstrate the superiority of its chemical processes. We believe this area will see even higher density of items such as flexible substrates from now, and we wish to develop products that will have a high marketability in the future. By offering support for them, we will secure orders while controlling risk. In order to resourcefully and strategically respond to these challenges, we will continue to remain focused on strengthening the customer support offered at the Company's Group.

(3) Strengthening of corporate governance

The Group believes that it in order to maximize shareholder profit it is essential to increase corporate value by making ongoing efforts that aim to enhance corporate governance. More specifically, the Company's policy is to advance efforts to ensure fair and transparent management, precise and rapid information disclosure, and thorough accountability. And we have worked to achieve that in accordance with the concept of the corporate governance code. We will strive to further improve in the future.

Further, in line with the policy to actively promote diversity of management, we are working on establishing rules to provide strict decision-making criteria in case management lacks independence for inviting outside directors to participate in our business operations. Further, the Company's policy has for some time been to recruit talented personnel, aiming to have a well-rounded sense of values by promoting diversity. In future, we will continue working to improve various systems such as ones for recruiting diverse personnel to work as executives and managers, and one that makes it possible for all mothers to return to work after taking maternity leave. The Company has a policy and making efforts to select and appoint women to executive and management positions, in order to promote the development of a workplace environment in which women can be active, while also having a track record in that regard, along with disclosing information on those efforts. As a recent result, the Company was commended with the "2015 Minister of State Award" in the "Award for Advanced Enterprise in which Women Can Shine" issued by the Cabinet Office.

(4) Securing and nurturing of human resources

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

(5) Improving business efficiency

We in the Group expect to continue seeing the weight of a large portion of our business being more and more concentrated overseas. Accompanying that, in order to ensure the efficiency and appropriateness of the overall business, we will introduce people with expert knowledge and strive to eliminate various risks.

4. Basic concept regarding the selection of accounting standards

The Group is carrying out activities such as information gathering and investigation in preparation for the future application of IFRS.

5. Consolidated financial statements

(1) Consolidated balance sheet

(in thousands of yen)

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Assets		
Current assets		
Cash and deposits	5,297,267	4,700,530
Notes and accounts receivable - trade	2,538,015	2,570,287
Merchandise and finished goods	310,179	330,732
Work in process	55,013	39,329
Raw materials and supplies	212,364	214,345
Deferred tax assets	199,666	198,798
Other	68,189	70,935
Allowance for doubtful accounts	(12,179)	(11,504)
Total current assets	8,668,516	8,113,455
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,312,799	3,275,293
Accumulated depreciation	(1,958,971)	(2,025,237)
Buildings and structures, net	※ 1,353,827	※ 1,250,055
Machinery, equipment and vehicles	1,941,965	1,912,511
Accumulated depreciation	(1,501,139)	(1,575,526)
Machinery, equipment and vehicles, net	440,826	336,985
Tools, furniture and fixtures	759,934	817,325
Accumulated depreciation	(579,028)	(583,927)
Tools, furniture and fixtures, net	180,905	233,398
Land	※ 2,874,726	※ 2,853,550
Construction in progress	44,429	1,837,922
Total property, plant and equipment	4,894,715	6,511,912
Intangible assets	42,449	161,525
Investments and other assets		
Investment securities	512,486	416,453
Net defined benefit asset	413,006	405,065
Deferred tax assets	14,090	12,466
Other	135,028	127,097
Allowance for doubtful accounts	(34,157)	(32,338)
Total investments and other assets	1,040,454	928,743
Total non-current assets	5,977,619	7,602,182
Total assets	14,646,135	15,715,637

(in thousands of yen)

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	650,907	821,729
Accounts payable - other	322,655	267,821
Accrued expenses	62,608	68,367
Income taxes payable	353,557	273,936
Provision for bonuses	204,282	211,463
Provision for directors' bonuses	47,830	25,800
Accounts payable - facilities	17,513	938,966
Other	204,653	156,177
Total current liabilities	1,864,008	2,764,261
Non-current liabilities		
Deferred tax liabilities	655,416	628,681
Net defined benefit liability	59,610	47,624
Other	27,430	24,618
Total non-current liabilities	742,457	700,924
Total liabilities	2,606,466	3,465,185
Net assets		
Shareholders' equity		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	9,800,268	10,993,841
Treasury shares	(12)	(591,925)
Total shareholders' equity	10,840,756	11,442,416
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	144,206	70,698
Foreign currency translation adjustment	864,092	621,182
Remeasurements of defined benefit plans	190,613	116,154
Total accumulated other comprehensive income	1,198,912	808,035
Total net assets	12,039,669	12,250,452
Total liabilities and net assets	14,646,135	15,715,637

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

(in thousands of yen)

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Net sales	9,057,322	9,078,197
Cost of sales	※1 3,262,170	※1 3,042,595
Gross profit	5,795,152	6,035,601
Selling, general and administrative expenses	※2,※3 3,786,632	※2,※3 3,850,078
Operating income	2,008,520	2,185,523
Non-operating income		
Interest income	35,228	39,123
Dividend income	8,056	9,814
Trial products income	18,402	20,206
Foreign exchange gains	46,902	—
Other	18,987	14,960
Total non-operating income	127,577	84,104
Non-operating expenses		
Sales discounts	5,027	4,996
Foreign exchange losses	—	54,042
Other	1,803	2,650
Total non-operating expenses	6,831	61,689
Ordinary income	2,129,266	2,207,938
Extraordinary income		
Gain on sales of non-current assets	※4 3,082	※4 6,142
Total extraordinary income	3,082	6,142
Extraordinary losses		
Loss on sales of non-current assets	※5 69	※5 1,347
Loss on retirement of non-current assets	※6 7,422	※6 58,317
Total extraordinary losses	7,492	59,664
Profit before income taxes	2,124,857	2,154,416
Income taxes - current	624,054	587,544
Income taxes - deferred	156,473	52,162
Total income taxes	780,528	639,707
Profit	1,344,329	1,514,709
Profit attributable to owners of parent	1,344,329	1,514,709

(Consolidated statement of comprehensive income)

(in thousands of yen)

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Profit	1,344,329	1,514,709
Other comprehensive income		
Valuation difference on available-for-sale securities	70,571	(73,508)
Foreign currency translation adjustment	434,298	(242,910)
Remeasurements of defined benefit plans, net of tax	118,649	(74,459)
Total other comprehensive income	623,519	(390,877)
Comprehensive income	1,967,848	1,123,831
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,967,848	1,123,831
Comprehensive income attributable to non-controlling 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	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)
Profit attributable to owners of parent			1,344,329		1,344,329
Purchase of treasury shares				—	—
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)
Profit attributable to owners of parent					1,344,329
Purchase of treasury shares					—
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

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	9,800,268	(12)	10,840,756
Cumulative effects of changes in accounting policies					―
Restated balance	594,142	446,358	9,800,268	(12)	10,840,756
Changes of items during period					
Dividends of surplus			(321,136)		(321,136)
Profit attributable to owners of parent			1,514,709		1,514,709
Purchase of treasury shares				(591,912)	(591,912)
Net changes of items other than shareholders' equity					
Total changes of items during period	―	―	1,193,572	(591,912)	601,660
Balance at end of current period	594,142	446,358	10,993,841	(591,925)	11,442,416

	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	144,206	864,092	190,613	1,198,912	12,039,669
Cumulative effects of changes in accounting policies					―
Restated balance	144,206	864,092	190,613	1,198,912	12,039,669
Changes of items during period					
Dividends of surplus					(321,136)
Profit attributable to owners of parent					1,514,709
Purchase of treasury shares					(591,912)
Net changes of items other than shareholders' equity	(73,508)	(242,910)	(74,459)	(390,877)	(390,877)
Total changes of items during period	(73,508)	(242,910)	(74,459)	(390,877)	210,782
Balance at end of current period	70,698	621,182	116,154	808,035	12,250,452

(4) Consolidated statement of cash flow

(in thousands of yen)

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Profit before income taxes	2,124,857	2,154,416
Depreciation	336,891	360,211
Increase (decrease) in allowance for doubtful accounts	15,906	89
Increase (decrease) in provision for bonuses	(15,875)	7,180
Increase (decrease) in provision for directors' bonuses	16,880	(22,030)
Increase (decrease) in net defined benefit liability	(9,229)	(11,516)
Increase (decrease) in net defined benefit asset	(275,303)	7,941
Interest and dividend income	(43,285)	(48,938)
Decrease (increase) in notes and accounts receivable - trade	(66,283)	(98,077)
Decrease (increase) in inventories	110,121	(45,445)
Increase (decrease) in notes and accounts payable - trade	(256,579)	183,625
Other, net	139,823	(75,225)
Subtotal	2,077,923	2,412,230
Interest and dividend income received	41,685	51,001
Income taxes refund	808	11,294
Income taxes paid	(630,686)	(677,651)
Net cash provided by (used in) operating activities	1,489,731	1,796,874
Cash flows from investing activities		
Payments into time deposits	(2,077,109)	(2,107,006)
Proceeds from withdrawal of time deposits	1,997,818	2,067,301
Purchase of property, plant and equipment	(310,648)	(1,221,342)
Proceeds from sales of property, plant and equipment	4,167	7,043
Purchase of intangible assets	(3,574)	(102,182)
Purchase of investment securities	(8,911)	(14,952)
Other, net	(1,063)	(1,192)
Net cash provided by (used in) investing activities	(399,321)	(1,372,331)
Cash flows from financing activities		
Purchase of treasury shares	―	(591,912)
Cash dividends paid	(220,331)	(320,402)
Net cash provided by (used in) financing activities	(220,331)	(912,315)
Effect of exchange rate change on cash and cash equivalents	154,594	(87,213)
Net increase (decrease) in cash and cash equivalents	1,024,672	(574,985)
Cash and cash equivalents at beginning of period	2,973,188	3,997,861
Cash and cash equivalents at end of period	※ 3,997,861	※ 3,422,876

(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 standard for business combinations)

From the fiscal year under review the Company has applied "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013) and "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), and made a change of presentation of items such as net income and a change of presentation from minority interests to non-controlling shareholders' equity. To reflect this change in the display method, we have reclassified the consolidated financial statements of the previous fiscal year.

(Changes in the presentation of the financial statements)

(Consolidated balance sheet)

In the previous fiscal year, "accounts payable related to facilities" was included in "accounts payable" of "current liabilities," but because its monetary importance has increased, we have decided to present it separately from the current fiscal year. To reflect this change in the display method, we have reclassified the consolidated financial statements of the previous fiscal year.

As a result, the amount of 340,169 thousand yen that was posted in the item of "accounts payable" in "current liabilities" in the consolidated balance sheet of the previous fiscal year has been reclassified into "accounts payable" of 322,655 thousand yen and "accounts payable related to facilities" of 17,513 thousand yen.

(Notes to consolidated balance sheet)

*Assets pledged in collateral

	Previous consolidated fiscal year (March 31, 2015)	Consolidated fiscal year under review (March 31, 2016)
Buildings and structures	2,956 thousand yen	1,104 thousand yen
Land	30,799 thousand yen	27,660 thousand yen
Total	33,755 thousand yen	28,764 thousand yen

There is no obligation corresponding to the above pledged assets.

(Notes to consolidated statement of income)

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

Previous consolidated fiscal year (From April 1, 2014 To March 31, 2015)	Consolidated fiscal year under review (From April 1, 2015 To March 31, 2016)
24,864 thousand yen	20,402 thousand yen

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

	Previous consolidated fiscal year (From April 1, 2014 To March 31, 2015)	Consolidated fiscal year under review (From April 1, 2015 To March 31, 2016)
Provision of allowance for doubtful accounts	15,819 thousand yen	539 thousand yen
Salaries and bonuses	972,132 thousand yen	1,081,340 thousand yen
Packing and transportation expenses	401,195 thousand yen	410,692 thousand yen
Provision for allowance for bonuses	117,147 thousand yen	120,864 thousand yen
Provision for directors' bonuses	47,830 thousand yen	25,800 thousand yen
Retirement benefit expenses	86,647 thousand yen	66,588 thousand yen
Research and development expenses	877,819 thousand yen	798,240 thousand yen

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

Previous consolidated fiscal year (From April 1, 2014 To March 31, 2015)	Consolidated fiscal year under review (From April 1, 2015 To March 31, 2016)
877,819 thousand yen	798,240 thousand yen

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

	Previous consolidated fiscal year (From April 1, 2014 To March 31, 2015)	Consolidated fiscal year under review (From April 1, 2015 To March 31, 2016)
Machinery, equipment and vehicles	3,065 thousand yen	5,858 thousand yen
Tools, furniture and fixtures	17 thousand yen	284 thousand yen
Total	3,082 thousand yen	6,142 thousand yen

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

	Previous consolidated fiscal year (From April 1, 2014 To March 31, 2015)	Fiscal year under review (From April 1, 2015 To March 31, 2016)
Machinery, equipment and vehicles	10 thousand yen	― thousand yen
Tools, furniture and fixtures	59 thousand yen	1,347 thousand yen
Total	69 thousand yen	1,347 thousand yen

*6 Breakdown of loss on retirement of fixed assets is as follows:

	Previous consolidated fiscal year (From April 1, 2014 To March 31, 2015)	Consolidated fiscal year under review (From April 1, 2015 To March 31, 2016)
Buildings and structures	3,081 thousand yen	1,113 thousand yen
Machinery, equipment and vehicles	1,700 thousand yen	50,281 thousand yen
Tools, furniture and fixtures	470 thousand yen	441 thousand yen
Software	－ thousand yen	1,680 thousand yen
“Other” in investments and other assets	142 thousand yen	100 thousand yen
Fixed asset removal costs	2,027 thousand yen	4,699 thousand yen
Total	7,422 thousand yen	58,317 thousand yen

(Matters related to consolidated statement of comprehensive income)

* Reclassification adjustment amount and tax effect amount pertaining to other comprehensive income

	Previous consolidated fiscal year (From April 1, 2014 To March 31, 2015)	Consolidated fiscal year under review (From April 1, 2015 To March 31, 2016)
Valuation difference on available-for-sale securities:		
Amount arising in the fiscal year under review	98,671 thousand yen	(110,985 thousand yen)
Reclassification adjustment amount	(89 thousand yen)	－ thousand yen
Before income tax effect	98,581 thousand yen	(110,985 thousand yen)
Income tax effect	(28,010 thousand yen)	37,476 thousand yen
Valuation difference on available-for-sale securities	70,571 thousand yen	(73,508 thousand yen)
Foreign currency translation and adjustment:		
Amount arising in the fiscal year under review	434,298 thousand yen	(242,910 thousand yen)
Adjustments for retirement benefits:		
Amount arising in the fiscal year under review	184,450 thousand yen	(68,145 thousand yen)
Reclassification adjustment amount	(14,829 thousand yen)	(45,881 thousand yen)
Before income tax effect	169,621 thousand yen	(114,027 thousand yen)
Income tax effect	(50,971 thousand yen)	39,568 thousand yen
Adjustments for retirement benefits	118,649 thousand yen	(74,459 thousand yen)
Other comprehensive income	623,519 thousand yen	(390,877 thousand yen)

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

Previous 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
Oct. 31, 2014 Board of directors' meeting	Common stock	120,426	6	September 30, 2013	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

Current fiscal year (April 1, 2015 to March 31, 2016)

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	700,055	-	700,089
Total	34	700,055	-	700,089

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 19, 2015 Board of directors' meeting	Common stock	160,568	8	March 31, 2015	May 29, 2015
October 31, 2015 Board of directors' meeting	Common stock	160,568	8	September 30, 2015	December 1, 2015

(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 20, 2016 Board of directors' meeting	Common stock	193,710	Retained earnings	10	March 31, 2016	May 31, 2016

(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, 2014 to March 31, 2015)	Current fiscal year (April 1, 2015 to March 31, 2016)
Cash and deposits	5,297,267 thousand yen	4,700,530 thousand yen
Time deposits with maturities extending over three months	(1,299,406 thousand yen)	(1,277,654 thousand yen)
Cash and cash equivalents	3,997,861 thousand yen	3,422,876 thousand yen

(Retirement benefit)

1. Outline of retirement benefit plan applied

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

Certain consolidated subsidiaries adopt a defined contribution pension plan or defined benefit plan. We calculate the retirement benefit expenses 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 plan, 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. Multi-employer plan

The required contribution for the employees’ pension fund system, which is a plan operated by multiple employers that is accounted for in the same manner as a defined contribution plan, was 36,471 thousand yen in the previous consolidated fiscal year and 22,484 thousand yen in the consolidated fiscal year under review.

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

	Previous consolidated fiscal year (As of March 31, 2014)	Consolidated fiscal year under review (As of March 31, 2015)
Amount of pension assets	59,788,655 thousand yen	67,202,403 thousand yen
Total of the amount of the pension obligations based on the calculation of pension financing in the plan and the amount of minimum reserve (Note)	61,919,100	67,909,618
Net amount	(2,130,445)	(707,215)

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

Previous consolidated fiscal year 1.75% (April 1, 2013 to March 31, 2014)

Current consolidated fiscal year 1.80% (April 1, 2014 to March 31, 2015)

(3) Supplemental information

The net amount in (1) above was mainly due to a past service liability in pension financing (previous consolidated fiscal year: 838,381 thousand yen; consolidated fiscal year under review: 1,939,857 thousand yen) and a carried forward shortfall (previous consolidated fiscal year: 1,292,064 thousand yen), or general reserve (consolidated fiscal year under review: 1,232,642 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 (previous consolidated fiscal year) and 6 years 1 month (consolidated fiscal year under review). In the Company’s consolidated financial statements, we are processing cost (previous consolidated fiscal year: 6,849 thousand yen; consolidated fiscal year under review: 7,122 thousand yen) for special premiums.

In addition, receiving approval on November 1, 2015 for a substitutional portion of future pension obligations, on December 25, 2015 we prepaid 45,000,000 thousand yen, as part of the minimum liability reserve, and on March 30, 2016 we prepaid 5,000,000 thousand yen.

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 plan that applies the simplified method, which is listed in (3)

	Previous consolidated fiscal year (From April 1, 2014 To March 31, 2015)	Consolidated fiscal year under review (From April 1, 2015 To March 31, 2016)
Beginning balance of the retirement benefit obligations	1,018,669 thousand yen	953,203 thousand yen
Cumulative effect of changes in accounting policies	(42,488)	-
Beginning balance that reflects the changes in accounting policies	976,180	953,203
Service cost	79,460	77,949
Interest cost	9,761	7,625
Accruals of actuarial gains and losses	(337)	11,552
Payment of retirement benefits	(111,861)	(37,467)
Ending balance of retirement benefit obligations	953,203	1,012,864

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

	Previous consolidated fiscal year (From April 1, 2014 To March 31, 2015)	Consolidated fiscal year under review (From April 1, 2015 To March 31, 2016)
Beginning balance of pension assets	1,156,373 thousand yen	1,366,210 thousand yen
Expected return on assets	6,938	5,464
Accruals of actuarial gains and losses	184,112	(56,593)
Contributions from the employer	130,647	140,314
Payment of retirement benefits	(111,861)	(37,467)
Ending balance of pension assets	1,366,210	1,417,929

(3) Reconciliation of beginning and ending balances of liabilities for retirement benefits of the system that applies the simplified method

	Previous consolidated fiscal year (From April 1, 2014 To March 31, 2015)	Consolidated fiscal year under review (From April 1, 2015 To March 31, 2016)
Beginning balance of liabilities for retirement benefits	67,619 thousand yen	59,610 thousand yen
Retirement benefit expenses	4,040	2,793
Payment of retirement benefits	(13,270)	(14,310)
Other	1,221	(470)
Ending balance of liabilities for retirement benefits	59,610	47,624

(4) Reconciliation of the ending balance of 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, 2015)	Previous consolidated fiscal year (March 31, 2016)
Retirement benefit obligations of funded plans	991,084 thousand yen	1,043,910 thousand yen
Pension assets	(1,387,510)	1,434,361
	(396,425)	(390,451)
Retirement benefit obligations of unfunded plans	43,030	33,010
Net amount of liabilities and assets that have been recorded in the consolidated balance sheet	(353,395)	(357,441)
Liabilities related to retirement benefits	59,610	47,624
Assets related to retirement benefits	(413,006)	(405,065)
Net amount of liabilities and assets that have been recorded in the consolidated balance sheet	(353,395)	(357,441)

(5) Amounts of retirement benefit expenses and their breakdown

	Previous consolidated fiscal year (From April 1, 2014 To March 31, 2015)	Consolidated fiscal year under review (From April 1, 2015 To March 31, 2016)
Service cost	79,460 thousand yen	77,949 thousand yen
Interest cost	9,761	7,625
Expected return on assets	(6,938)	(5,464)
Expense amounts of actuarial gains and losses	(33,713)	(64,765)
Expense amounts of past service cost	18,883	18,883
Retirement benefit expenses calculated using the simplified method	4,040	2,793
Retirement benefit expenses of defined benefit plans	71,494	37,022

(6) Adjustments for 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, 2014 To March 31, 2015)	Consolidated fiscal year under review (From April 1, 2015 To March 31, 2016)
Past service cost	(18,883 thousand yen)	(18,883 thousand yen)
Accruals of actuarial gains and losses	(150,737)	132,910
Total	(169,621)	114,027

(7) Cumulative adjustments for 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, 2015)	Consolidated fiscal year under review (March 31, 2016)
Unrecognized past service cost	33,046 thousand yen	14,162 thousand yen
Accruals of unrecognized actuarial gains and losses	(314,394)	(181,483)
Total	(281,348)	(167,320)

(8) Matters relating to pension assets

(1) Main components of the pension assets

The ratios of the major classifications for the total pension assets are as follows. Previous consolidated fiscal year

	Previous consolidated fiscal year (March 31, 2015)	Consolidated fiscal year under review (March 31, 2016)
Bonds	24%	25%
Stocks	55	48
General accounts	12	15
Other	9	12
Total	100	100

(2) Method of setting the expected long-term rate of return on assets

To determine the expected long-term rate of return on 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 of actuarial gains and losses

Major actuarial assumptions of actuarial gains and losses (representing a weighted average)

	Previous consolidated fiscal year (March 31, 2015)	Consolidated fiscal year under review (March 31, 2016)
Discount rate	0.8%	0.4%
Expected long-term rate of return on assets	0.6	0.4

4. Defined contribution plans

The required contributions to defined contribution plans of consolidated subsidiaries that use defined contribution plans came to 36,253 thousand yen for the previous consolidated fiscal year (April 1, 2014 to March 31, 2015) and 45,739 thousand yen for the consolidated fiscal year under review (April 1, 2015 to March 31, 2016).

(Deferred tax accounting)

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

(Current Assets)

	Previous consolidated fiscal year (March 31, 2015)	Consolidated fiscal year under review (March 31, 2016)
Deferred tax assets		
Allowance for bonuses	67,454 thousand yen	65,151 thousand yen
Accrued enterprise tax	21,178 thousand yen	14,273 thousand yen
Social insurance premiums	10,727 thousand yen	10,155 thousand yen
Unrealized income on inventory assets	79,812 thousand yen	90,092 thousand yen
Other	20,529 thousand yen	20,087 thousand yen
Total deferred tax assets	199,701 thousand yen	199,759 thousand yen
Deferred tax liabilities		
Other	35 thousand yen	961 thousand yen
Total deferred tax liabilities	35 thousand yen	961 thousand yen
Net deferred tax assets	199,666 thousand yen	198,798 thousand yen

(Fixed Assets)

	Previous consolidated fiscal year (March 31, 2015)	Consolidated fiscal year under review (March 31, 2016)
Deferred tax assets		
Unpaid directors' retirement benefits	4,618 thousand yen	4,379 thousand yen
Allowance for doubtful accounts	8,539 thousand yen	8,084 thousand yen
Liabilities related to retirement benefits	16,695 thousand yen	12,578 thousand yen
Impairment loss	185,863 thousand yen	176,238 thousand yen
Other	43,474 thousand yen	50,530 thousand yen
Subtotal	259,191 thousand yen	251,811 thousand yen
Valuation allowance	(221,117 thousand yen)	(212,258 thousand yen)
Total deferred tax assets	38,074 thousand yen	39,552 thousand yen
Deferred tax liabilities		
Valuation difference on available-for-sale securities	68,311 thousand yen	30,834 thousand yen
Retained earnings of overseas subsidiaries	477,894 thousand yen	500,703 thousand yen
Assets related to retirement benefits	133,194 thousand yen	123,868 thousand yen
Other	0 thousand yen	360 thousand yen
Total deferred tax liabilities	679,400 thousand yen	655,767 thousand yen
Net deferred tax liabilities	641,326 thousand yen	616,214 thousand yen

The amounts of “net deferred tax liabilities” (previous consolidated fiscal year 641,326 thousand yen; consolidated fiscal year under review: 616,214 thousand yen) are included in the following items in the consolidated balance sheet.

	Previous consolidated fiscal year (March 31, 2015)	Consolidated fiscal year under review (March 31, 2016)
Fixed assets - deferred tax assets	14,090 thousand yen	12,466 thousand yen
Fixed liabilities - deferred tax liabilities	655,416 thousand yen	628,681 thousand yen

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

	Previous consolidated fiscal year (March 31, 2015)	Consolidated fiscal year under review (March 31, 2016)
Effective statutory tax rate	35.6%	33.0%
(Adjustment)		
Permanent difference including entertainment and social expenses	1.0%	0.7%
Inhabitant tax on per capita basis	0.1%	0.3%
Research credit	(3.7%)	(4.6%)
Foreign tax deductions	3.5%	1.4%
Increase (decrease) in valuation allowance	(2.5%)	(0.5%)
Retained earnings of overseas subsidiaries	6.1%	1.2%
Differences from foreign tax rate	(4.6%)	(3.8%)
Decrease in ending deferred tax assets due to tax rate changes	1.1%	0.3%
Other	0.1%	1.7%
Rates of corporate income taxes after application of deferred tax accounting	36.7%	29.7%

3 Revision to the amount of deferred tax assets and deferred tax liabilities due to changes in the tax rate for corporate income tax, etc.

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016) and “Act to Amend the Local Tax Act, etc.” (Act No. 13 of 2016) were promulgated on March 29, 2016 and there is to be a cut in the corporate income tax rate, etc. from the consolidated fiscal years beginning on April 1, 2016 or after. As a result, although the statutory tax rate used to calculate the deferred tax assets and deferred tax liabilities was 32.3%, as used in the calculation of the previous fiscal year, the expected cancellation from a temporary difference is 30.8% from fiscal years beginning on or after April 1, 2016 until those beginning on April 1, 2017; and is 30.6% for fiscal years beginning on or after April 1, 2018.

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 5,090 thousand yen and deferred income taxes will decrease by 612 thousand yen; in addition, valuation difference on available-for-sale securities will increase by 1,683 thousand yen, and cumulative adjustments for retirement benefits will increase by 2,794 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	4,716,663	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

Current fiscal year (April 1, 2015 to March 31, 2016)

(in thousands of yen)

	Reportable segment					Total
	Japan	Taiwan	Hong Kong	China	Europe	
Net sales						
Sales to external customers	4,434,358	1,878,320	941,231	1,235,038	589,248	9,078,197
Inter-segment sales and transfers	1,875,623	-	961	651	43,588	1,920,824
Total	6,309,981	1,878,320	942,193	1,235,689	632,837	10,999,022
Segment profit	1,451,935	225,450	205,838	316,490	33,827	2,233,542
Segment assets	11,229,873	2,374,894	1,279,332	1,591,531	463,201	16,938,832
Other items						
Depreciation and amortization	224,440	47,658	26,849	46,138	15,123	360,211
Increase in property, plant and equipment and intangible assets	2,142,150	20,390	13,078	25,566	7,360	2,208,547

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	10,702,032	10,999,022
Intersegment eliminations	(1,644,709)	(1,920,824)
Sales stated in the Consolidated Financial Statements	9,057,322	9,078,197

(in thousands of yen)

Profit	Previous fiscal year	Current fiscal year
Reportable segment total	1,994,202	2,233,542
Intersegment eliminations	14,318	(48,018)
Operating income in the Consolidated Financial Statements	2,008,520	2,185,523

(in thousands of yen)

Assets	Previous fiscal year	Current fiscal year
Reportable segment total	15,981,791	16,938,832
Intersegment eliminations	(1,335,655)	(1,223,195)
Total assets in the Consolidated Financial Statements	14,646,135	15,715,637

(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	336,891	360,211	-	-	336,891	360,211
Increase in property, plant and equipment and intangible assets	283,629	2,208,547	-	-	283,629	2,208,547

[Related Information]

Previous 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.

Current fiscal year (April 1, 2015 to March 31, 2016)

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
4,121,152	1,853,268	2,176,270	927,506	9,078,197

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
5,166,804	784,626	508,816	51,665	6,511,912

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]

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, 2014 to March 31, 2015)	Current fiscal year (April 1, 2015 to March 31, 2016)
Net assets per share	599.85 yen	632.41 yen
Net income per share	66.98 yen	76.26 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, 2014 to March 31, 2015)	Current fiscal year (April 1, 2015 to March 31, 2016)
Net income (thousands of yen)	1,344,329	1,514,709
Amount not available for common shareholders (thousands of yen)	-	-
Net profit available for common stocks (thousands of yen)	1,344,329	1,514,709
Weighted-average number of common shares outstanding during the year (shares)	20,071,059	19,863,358

(Important subsequent events)

N/A

6. Non-consolidated financial statements

(1) Balance sheet

(in thousands of yen)

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Assets		
Current assets		
Cash and deposits	2,904,755	2,387,033
Notes receivable - trade	270,945	271,783
Accounts receivable - trade	1,230,264	1,193,197
Merchandise and finished goods	82,859	110,318
Raw materials and supplies	111,093	107,492
Prepaid expenses	17,161	18,379
Deferred tax assets	118,495	107,826
Accounts receivable - other	551,588	312,746
Other	5,873	6,911
Total current assets	5,293,039	4,515,689
Non-current assets		
Property, plant and equipment		
Buildings	746,975	707,932
Structures	39,188	38,530
Machinery and equipment	230,593	170,416
Vehicles	12,437	11,921
Tools, furniture and fixtures	61,603	130,094
Land	2,274,036	2,274,036
Construction in progress	44,429	1,833,872
Total property, plant and equipment	3,409,264	5,166,804
Intangible assets		
Leasehold right	29,380	29,380
Software	7,183	116,735
Other	2,002	1,918
Total intangible assets	38,566	148,034
Investments and other assets		
Investment securities	512,486	416,453
Shares of subsidiaries and associates	687,935	687,935
Investments in capital	5	5
Long-term prepaid expenses	549	244
Prepaid pension cost	131,658	237,744
Other	56,626	56,962
Total investments and other assets	1,389,261	1,399,345
Total non-current assets	4,837,091	6,714,184
Total assets	10,130,130	11,229,873

(in thousands of yen)

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Liabilities		
Current liabilities		
Notes payable - trade	415,151	492,311
Accounts payable - trade	149,100	152,636
Accounts payable - other	210,520	154,329
Accrued expenses	50,926	56,843
Income taxes payable	258,204	178,894
Deposits received	11,612	12,200
Provision for bonuses	204,282	211,463
Provision for directors' bonuses	47,830	25,800
Asset retirement obligations	—	4,225
Notes payable - facilities	80,865	48,833
Accounts payable - facilities	11,476	935,910
Other	1,077	536
Total current liabilities	1,441,047	2,273,985
Non-current liabilities		
Provision for retirement benefits	43,030	33,010
Deferred tax liabilities	86,782	76,806
Asset retirement obligations	3,397	587
Other	23,394	23,405
Total non-current liabilities	156,603	133,808
Total liabilities	1,597,651	2,407,794
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	5,300,000	6,100,000
Retained earnings brought forward	1,984,226	2,139,246
Total retained earnings	7,347,784	8,302,804
Treasury shares	(12)	(591,925)
Total shareholders' equity	8,388,272	8,751,380
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	144,206	70,698
Total valuation and translation adjustments	144,206	70,698
Total net assets	8,532,479	8,822,078
Total liabilities and net assets	10,130,130	11,229,873

(2) Statement of income

(in thousands of yen)

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Net sales	6,274,172	6,309,981
Cost of sales	2,212,628	2,073,459
Gross profit	4,061,544	4,236,521
Selling, general and administrative expenses	2,802,261	2,784,586
Operating income	1,259,282	1,451,935
Non-operating income		
Interest and dividend income	556,704	309,704
Foreign exchange gains	31,532	—
Other	26,510	24,411
Total non-operating income	614,747	334,115
Non-operating expenses		
Foreign exchange losses	—	54,575
Other	279	970
Total non-operating expenses	279	55,546
Ordinary income	1,873,750	1,730,504
Extraordinary income		
Gain on sales of non-current assets	667	466
Total extraordinary income	667	466
Extraordinary losses		
Loss on sales of non-current assets	10	—
Loss on retirement of non-current assets	6,591	55,645
Total extraordinary losses	6,601	55,645
Profit before income taxes	1,867,815	1,675,326
Income taxes - current	424,000	361,000
Income taxes - deferred	21,044	38,169
Total income taxes	445,044	399,169
Profit	1,422,771	1,276,156

[Details of cost of sales]

		Previous fiscal year (April 1, 2014 to March 31, 2015)	Current fiscal year (April 1, 2015 to March 31, 2016)
Category	Note no	Amount (thousand yen)	Amount (thousand yen)
Product cost		1,805,667	1,892,275
Cost of goods		292,986	89,151
Repair cost		17,127	21,133
Cost of sales of raw materials		96,846	70,899
Total cost of sales		2,212,628	2,073,459

(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		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)
Profit						1,422,771	1,422,771		1,422,771
Purchase of treasury shares								—	—
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)
Profit			1,422,771
Purchase of treasury shares			—
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

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	5,300,000	1,984,226	7,347,784	(12)	8,388,272
Cumulative effects of changes in accounting policies							－		－
Restated balance	594,142	446,358	446,358	63,557	5,300,000	1,984,226	7,347,784	(12)	8,388,272
Changes of items during period									
Provision of general reserve					800,000	(800,000)	－		－
Dividends of surplus						(321,136)	(321,136)		(321,136)
Profit						1,276,156	1,276,156		1,276,156
Purchase of treasury shares								(591,912)	(591,912)
Net changes of items other than shareholders' equity									
Total changes of items during period	－	－	－	－	800,000	155,019	955,019	(591,912)	363,107
Balance at end of current period	594,142	446,358	446,358	63,557	6,100,000	2,139,246	8,302,804	(591,925)	8,751,380

	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	144,206	144,206	8,532,479
Cumulative effects of changes in accounting policies			－
Restated balance	144,206	144,206	8,532,479
Changes of items during period			
Provision of general reserve			－
Dividends of surplus			(321,136)
Profit			1,276,156
Purchase of treasury shares			(591,912)
Net changes of items other than shareholders' equity	(73,508)	(73,508)	(73,508)
Total changes of items during period	(73,508)	(73,508)	289,599
Balance at end of current period	70,698	70,698	8,822,078

7. Other

(1) Transition to a company with an audit committee

The Company plans to transition to a company with an audit committee, assuming approval is obtained at the 47th Ordinary General Meeting of Shareholders to be held on June 21, 2016. For more information, please refer to the "Transition to a company with an audit and supervisory committee and partial amendment to the articles of incorporation" announced on January 19, 2016.

(2) Transfer of Officers

For details of the transfer of officers, please refer to the "Personnel such as officers after the transition to a company with an audit committee" announced on May 10, 2016.