

October 18, 2006



Financial Statements for the Six Months Ended September 30, 2006

For the fiscal year ending March 31, 2007 (Non-Consolidated)

JAPAN PURE CHEMICAL CO., LTD.

Code No. : 4973
 URL : http://www.netjpc.com
 Stock Exchange Listed : Tokyo Stock Exchange-First Section
 Corporate Headquarters : 3-10-18 Kitamachi, Nerima-ku, Tokyo Japan
 Representative : Masao Watanabe, President
 Investor Relations : Kaoru Uchida, General Manager,
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Date of the meeting of the Board of Directors for approval
 of financial statements : October 18, 2006
 Interim dividend : Yes
 Beginning of interim dividend payment : November 27, 2006
 Adoption of unit stock system : No

1. Financial Results for the six months: from April 1, 2006 to September 30, 2006

Note: All amounts less than one million yen have been disregarded.

(1) Results of Operations

	Sales		Operating Income		Ordinary Income	
	(million yen)		(million yen)		(million yen)	
Six months ended September 30, 2006	4,750	44.9%	1,012	19.4%	1,015	19.7%
Six months ended September 30, 2005	3,278	14.4%	847	34.9%	848	35.3%
Year ended March 31, 2006	7,448		1,960		1,959	

	Net Income		Net Income Per Share	Diluted Net Income Per Share
	(million yen)		(yen)	(yen)
Six months ended September 30, 2006	605	19.0%	9,647.34	9,572.23
Six months ended September 30, 2005	508	34.3%	16,454.28	16,307.76
Year ended March 31, 2006	1,182		37,419.49	36,985.20

Notes : 1. Equity in earnings (losses) of affiliates
 For the six months ended September 30, 2006 : million yen
 For the six months ended September 30, 2005 : million yen
 For the year ended March 31, 2006 : million yen
 2. Weighted average number of shares outstanding
 For the six months ended September 30, 2006 : 62,786 shares
 For the six months ended September 30, 2005 : 30,926 shares
 For the year ended March 31, 2006 : 31,059 shares
 3. Change in accounting policy : No
 4. Percentages above represent year on year changes over the same period last year unless otherwise stated.

(2) Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(million yen)	(million yen)	(%)	(yen)
Six months ended September 30, 2006	6,664	5,448	81.8 %	86,771.79
Six months ended September 30, 2005	4,905	4,094	83.5 %	131,759.93
Year ended March 31, 2006	6,296	5,016	79.7 %	159,188.32

Notes : 1. Number of shares outstanding at the end of period
 September 30, 2006 : 62,796 shares
 September 30, 2005 : 31,076 shares
 March 31, 2006 : 31,388 shares
 2. Number of treasury shares at the end of period
 September 30, 2006 :
 September 30, 2005 :
 March 31, 2006 :

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash & Cash Equivalents at End of Period
	(million yen)	(million yen)	(million yen)	(million yen)
Six months ended September 30, 2006	341	-12	-151	3,267
Six months ended September 30, 2005	61	-80	-0	2,478
Year ended March 31, 2006	705	-121	9	3,090

(4) Dividend Information

	Dividend Per Share		
	Interim	Year-End	Annual
	(yen)	(yen)	(yen)
Year ended March 31, 2006	3,000.00	5,000.00	8,000.00
Six months ended September 30, 2006 (Result)	2,500.00		5,000.00
Year ending March 31, 2007 (Forecast)		2,500.00	

2. Financial Forecasts for the Fiscal Year Ending March 31, 2007

	Sales	Operating Income	Ordinary Income	Net Income	Net Income per share
	(million yen)	(million yen)	(million yen)	(million yen)	(Yen)
Year ending March 31, 2007	9,000	2,250	2,250	1,350	21,498.18

Please refer to "Review of Operations and Financial Position" on page 8 in relation to above-mentioned forecasts.

1. Corporate Group

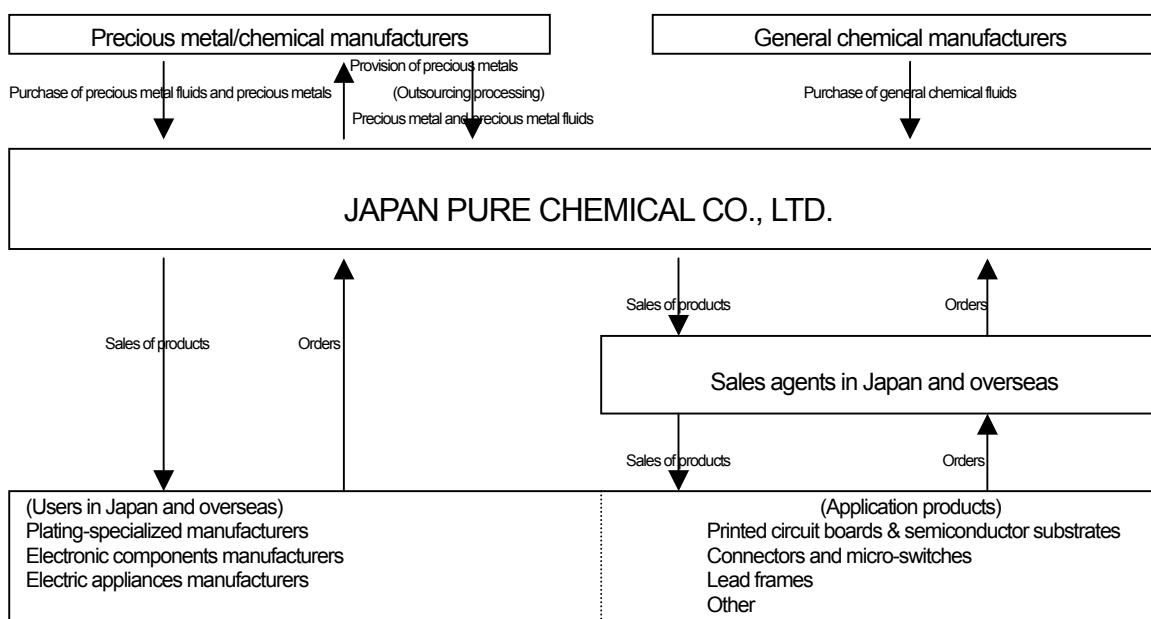
Japan Pure Chemical Co., Ltd. (the Company) is primarily engaged in the development, manufacture and sale of chemicals for the precious metal plating of contacts and connectors for the attachment of electronic components on printed circuit boards (including package substrates), and for connectors and lead frames. The Company is especially skilled in formulating comprehensive proposals that extend to advice on processes and after-sales services. This makes possible the development, manufacture and sale of products that closely match the needs of customers.

Since its establishment in July 1971, the Company has consistently targeted the electronics industry. As a result, the Company has grown along with this industry through the provision of gold plating chemicals, silver plating chemicals, and palladium plating chemicals for printed circuit boards, connectors and lead frames. When developing new products, the Company employs internal resources rather than relying on the adoption of technology from overseas, a policy that has resulted in the accumulation over many years of extensive technologies.

Based on their applications, precious metal plating fluids are divided into two categories: functional plating and decorative plating. Functional plating is used to improve performance, such as by making a surface more resistant to corrosion and electrically conductive. The development, manufacture and sale of functional plating chemicals using precious metals is the core business of the Company. The types and applications of our products are as follows:

Category by function	Category of plating	Category of plating fluids	Category of applications (Main final products)
Functional plating (for electronics)	Gold plating	Soft gold plating fluids	Printed circuit boards and semiconductor substrates (Mobile phones, PCs, electronic devices, etc.)
		Hard gold plating fluids	Connector and Micro-switches (Mobile phones, PCs, electronic devices, etc.)
	Palladium plating	Palladium-nickel alloy plating fluids	Lead frames (Mobile phones, PCs, electronic devices, etc.)
		Palladium plating fluids	
Silver plating	Pure silver plating fluids		

(Business Flow Diagram)



The Japan Pure Chemical business model is as follows.

1. Selectivity and concentration/specialization: Specialize in precious metal plating fluids that are based on our proprietary technology developed entirely in Japan.
2. Speed and agility: Act in a speedy and thorough manner with regard to decision-making, customer services and all other activities.
3. Manufacturing: As a rule, produce goods only to order in Japan and overseas; conduct manufacturing so as to meet customers' needs and fill orders quickly.

The Company has earned a reputation as a trusted partner in the electronics industry by leveraging these strengths and remaining at the forefront of global technological progress. By repeating this process, the Company has accumulated the knowledge and trust that produce a competitive edge and high profitability.

2. Management Policies

a. Fundamental management policies

Japan Pure Chemical takes pride in its role in supporting the foundation needed for the development of an information society. The Company is fulfilling its social mission by constantly acting speedily to take on new challenges and meet market demands with regard to new technologies, markets and products. Further, Japan Pure Chemical constantly places priority on maximizing shareholder value and on customer satisfaction to meet the expectations of shareholders and customers. To accomplish this, the Company is aiming to establish overwhelming positions of leadership in terms of technologies, market share and services, as well as to achieve the industry's highest level of employee skills and ethical standards.

b. Fundamental policy regarding allocation of earnings

The Company's fundamental policy regarding earnings allocations is to maintain a stable dividend payout ratio in accordance with the level of earnings while preserving the level of retained earnings needed for business activities in the future and strengthening the base of operations.

Based on this policy, at a Board of Directors meeting held on October 6, 2006, the interim dividend for the period ended September 30, 2006 was increased from ¥2,000 to ¥2,500. Further, it was decided to increase total dividends for the year by ¥1,000 to the amount of ¥5,000.

With regards to the use of retained earnings, while it is important to give the highest priority to investment for future growth such as the entry into new areas of business and expansion of existing operations, consideration is also being given to the return of profits to our shareholders through methods such as the flexible purchase of treasury stock.

c. Policy regarding reduction in the investment unit

Management regards raising the liquidity of its shares and increasing the number of shareholders as important issues involving its equity policy. In consideration of the cost of the investment unit, a two (2) for one (1) stock split was performed on common shares held by shareholders appearing or recorded in the register of shareholders or the register of beneficial shareholders as at the close of business on March 31, 2006. Management will continue to carefully examine further reductions in the investment unit and take actions as necessary.

d. Targeted performance indicators

From the standpoint of maximizing gains for shareholders, the Company places priority on maintaining return on equity (ROE) of 20% or more, to enhance profitability and returns on capital.

e. Medium- and long-term management strategies

In line with the issues set forth in the Medium-Term Management Plan based on fundamental policies established by

the president, the Company has set the following goals and is taking the following actions.

< Business strategy >

Clearly determine the Company's current position in each of its business domains. Conduct rigorous sales and technology development activities based on sales and technology (new product) strategies that reflect an awareness of the competitors in each domain.

1. Entry into new business areas.

Without harming the Company's established business model, target for entry new areas of business other than the electronic components industry.

2. Further strengthen new product development and market research.

Develop new products for the next generation of electronic components and speedily provide the marketplace with products that are suited to changes in the surrounding environment. Aim to anticipate market needs, expand new business and further increase market share.

3. Strengthen and expand overseas markets.

Strengthen business activities with respect to expanding overseas markets, especially South-East Asia.

4. ISO certification for quality assurance and environmental standards

The Company is establishing integrated management systems in compliance with the latest ISO9001 and ISO14001 standards to bring its quality assurance and environmental preservation systems in line with international standards. ISO certification for quality assurance (customer satisfaction) and environmental standards was obtained in April, 2005.

< Organizational strategies >

Committed to the principle that its greatest resource is its personnel, while continuing pursuing efficiency in management, the Company will exercise flexibility to achieve business growth, and will construct stable organizational systems that fully meet the expectations of each of the stakeholders and continuously achieve high levels of growth.

1. Increase and upgrade the technical staff

Increase the number of engineers in line with the personnel plan and bolster staffing as required to develop new products.

2. Upgrade and foster the sales framework

Enhance strategic sales skills that draw on technical expertise while fostering the development of young and mid-level sales personnel to lay the groundwork for future growth. Strengthen global market research capabilities and establish a sales management framework that can utilize data in a systematic manner.

3. Strengthen in-house management systems

Based upon a reexamination of the compatibility of each department's operational procedures and inter-departmental cooperation, gain an understanding of appropriate and efficient in-house checking functions and construct stable in-house management systems.

The company will further renew the underlying operational systems, heighten precision in forecast and actual management operations, and implement advanced information disclosure systems to ensure further accuracy and speed.

f. Key issues

(1) Current status and key issues

In the Company's core semiconductor and electronic components markets, given that these are global markets where a high rate of growth continues, dramatic changes in the market occur not only as a result of the emergence of new technologies but also due to shifts in worldwide supply-demand dynamics.

To be able to respond to such strict market conditions, many of the manufacturers that form the Company's

customer base are undertaking rapid restructuring of their manufacturing hubs and systems on a global scale from the viewpoints of both marketing and cost competitiveness, in addition to of course maintaining technological competitiveness.

Due to this situation, the Company regards its most pressing issues as follows.

1. Upgrading the ability to develop new technologies

Rapidly develop new products and products that are enhanced with scientific knowledge, high quality and performance, low cost, and added value, while constantly offering customers the latest advances technology.

2. Reinforce the sales framework

The Company must strengthen its “total solutions framework” to closely reflect customer needs. The Company must also identify customer needs and respond in a manner that is speedy and accurate, as well as enhance its ability to provide customers with proposals. The Company needs to respond in a flexible manner to the overseas shift in production activities and to other forms of diversification in the operations of customers. There is also a need to step up activities to gain new customers.

3. Share and centralize information on market needs

This involves monitoring and analyzing the activities of competitors, new product introductions and other market trends; developing ties with new customers; developing next-generation technologies; and effectively utilize proposals for sales and technology strategies that target new fields of business.

(2) Specific initiatives

1. Upgrade ability to develop new technologies

The Company will aggressively hire talented new graduates and research engineers who can make an immediate contribution, to raise the level of R&D activities. Moreover, while closely monitoring developments involving the latest user orientated technologies, the Company is committed to the implementation of detailed total solutions. With regard to the assignment of engineers to both the materials development group and process development group, this will be performed based upon a consideration of the abilities of each individual.

2. Bolster sales framework

There is a need to accurately identify the needs of customers and respond in a speedy and appropriate manner and upgrade the ability to formulate proposals for customers. For this purpose, the Company is shifting individuals with extensive knowledge and experience in technologies from its technology divisions to sales-technology divisions and increasing the number of young and mid-level personnel.

3. Share and centralize information

Once a week, a liaison meeting is held for managers. Through sharing information on market trends and other issues, these meetings ensure that the Company’s operational strategies are moving forward in a uniform direction.

Further the Company through proactive implementation of the latest communications infrastructure is strengthening cooperation between related divisions and collecting the latest technological and other information. Further the newly implemented base systems have facilitated the strategic and effective sharing of the above-mentioned information in real time.

3. Review of Operations and Financial Position

a. Review of Operations

In this fiscal period while there were several causes for concern such as soaring crude oil prices and interest rate hikes by the U.S. government, these were offset by strong corporate earnings that resulted in increased capital investment, which together with increases in private demand centering on personal spending contributed to the ongoing recovery of the Japanese economy.

In the electronic components industry against the background of increasingly sophisticated equipment and the trend towards the use of lead-free products, there was strong demand in both the semiconductor and digital home appliance markets. Although there were slight inventory adjustments in certain industries such as mobile phones, overall a pattern of steady growth was seen.

For our Company, sales were higher than expected due to factors such as the large increase in the price of precious metals such as gold and palladium as well as increased sales of our precious metal compounds. While operating income, ordinary income and net income increased by approximately 20% as against the same period last year, inventory adjustments by manufacturers of products such as mobile phones particularly those for the Korean market meant results were slightly below budget.

As a result, sales of ¥4,750,758 thousand (YoY increase of 44.9%), operating income of ¥1,012,278 thousand (YoY increase of 19.4%), ordinary income of ¥1,015,950 thousand (YoY increase of 19.7%) and net income of ¥605,718 thousand (YoY increase of 19.0%), were recorded.

Sales according to category of use are as stated below:

Printed circuit boards and semiconductor substrates	¥2,096,484 thousand	(YoY increase of 18.7%)
Connectors and micro-switches	¥1,318,741 thousand	(YoY increase of 75.0%)
Lead frames	¥1,112,817 thousand	(YoY increase of 86.8%)
Others	¥222,715 thousand	(YoY increase of 37.4%)

b. Financial Position

Cash and cash equivalents at the end of this interim period were ¥3,267,159 thousand, a YoY increase of ¥176,455 thousand. From the net cash provided by operating activities of ¥341,216 thousand, ¥12,897 thousand was used for investment activities and ¥151,863 thousand was used for financial activities.

- Net cash provided by operating activities was ¥341,216 thousand, a YoY increase of ¥279,941 thousand. Although cash was used in an increase of ¥182,775 thousand in accounts receivable, an increase of ¥43,144 thousand in inventories and an income tax payment of ¥538,436 thousand, cash was provided by net income before income taxes was ¥1,014,122 thousand (YoY increase of 19.5%).
- Net cash used for investment activities was ¥12,897 thousand, a YoY decrease of ¥67,140 thousand. Although cash used in acquisition of investment securities was the same level as that of same period last year, cash used for the acquisition of tangible fixed assets was decreased.
- Net cash used in financial activities was ¥151,863 thousand, a YoY increase of ¥151,405 thousand. This was primarily accounted for by ¥154,940 thousand yen paid in dividends as against revenues of ¥5,076 thousand received through stock issue resulting from the exercise of stock acquisition rights.

Further the trends in the cash flow index for the Company were as stated below.

	Sep., 2004 Interim	March, 2005	Sep., 2005 Interim	March, 2006	Sep., 2006 Interim
Equity Ratio (%)	83.8	79.4	83.5	79.7	81.8

Ratio of Market Capitalization to Total Assets (%)	468.2	449.7	467.5	858.5	615.3
Debt Redemption Multiple (years)	—	—	—	—	—
Interest Coverage Ratio	—	—	—	—	—

Note) Equity Ratio: Net assets / Total assets

Ratio of market capitalization to total assets: Market capitalization / Total assets

Debt Redemption Period: Interest bearing debt / Operating cash flow

Interest Coverage Ratio: Operating cash flow / Interest payments

Outlook for This Fiscal Year

Given that the inventory adjustment for mobile phones has been completed and growth in this market is predicted, when combined with the trend towards use of high added value BGA packages for DRAM use that traditionally incorporated lead frames as well as modular products, it is forecast that the demand for gold plating chemicals will continue to expand.

Further with the release of new products such as the latest versions of game machines expected soon, an associated increase in demand for gold plating chemicals is e

[Notes regarding forecast results]

While statements in these reports regarding the next fiscal year and other future events are evaluations made based upon the information available at the time these reports were prepared, they contain risk items and uncertainties.

Accordingly actual results may vary significantly from the forecast results stated here for a number of reasons.

Major factors that may affect the actual results are the economic environment surrounding the Company's operations and market conditions.

c. Business Risk

Possible risk items for operations development are set forth below. In order to provide full disclosure to investors, items including those that the Company believe will have no impact on our operations, however that may be important in investing or for full understanding of our Company's operations, are stated below.

All statements regarding future predictions are based upon information available at the time this report was prepared and on our own evaluations and forecasts for the future performance of the Company.

1. Heavy reliance on the electronic equipment industry

Given that our Company's precious metal plating fluids are used predominately within the electronic equipment industry for applications such as contacts for semi-conductor mounted circuit boards, printed circuit boards, connectors and lead frames, our major clients are businesses primarily involved in that industry. Accordingly, trends within this industry, in particular shifts in the mobile phone and PC markets, have a great influence on our Company's results.

2. Influence of market trends on the products and raw materials used by our Company.

In general terms the raw materials used for the majority of our Company's products can be divided into precious metals and chemicals, with precious metals accounting for the majority of our expenditures. While the price of chemicals is relatively stable, as the international market prices of precious metals (gold, silver, palladium) fluctuate widely, these variations have a corresponding influence on our sales results.

As the contract price between our Company and clients is determined based upon market value on the date

of purchase and sale, and as our Company places orders to purchase precious metals at the time of receiving orders from our clients, fluctuations in the market price of precious metals have little effect on our profit margin.

However, given price fluctuation risks as a result of stock rollover, this influence is kept to an absolute minimum through reduction in delivery times and minimization of the amount of stock on hand.

Further, given that supplies of precious metals are limited, where procurement problems arise as a result of sudden fluctuations in supply and demand or mining accidents, it is possible that this will influence our Company's business activities.

3. Influence of fluctuations in the exchange rate

In the fiscal year ended March 2006 and the 6 months ended Sep. 2006, exports accounted for 31.6% and 29.0%, respectively of our Company's business. In terms of trading abroad, while the settlement of accounts has as a general rule been performed in yen, recently there has been a growing trend to conduct such trade in U.S. dollars. While our Company hedges its risks through forward exchange contracts, it cannot be guaranteed that all risk can be avoided and accordingly currency fluctuations may impact our Company's results.

4. Research and development

As technological innovations in the electronic components industry are significant, the Company considers R&D to be of the utmost importance in ensuring the supply of products to our clients that are in line with their needs not just to maintain, but also to expand our market share. For these purposes, the Company promotes R&D activities for new product development and the improvement of existing products.

The Company's fundamental principles for future activities are the development of plating fluids for cutting edge devices and the development of environmentally friendly plating fluids that contribute to further reductions in our clients' costs. However, when R&D activities intended to achieve these principles do not progress as planned, the results of the Company may be affected.

5. Intellectual property rights

Given that gold plating fluid, which is the Company's key product, has complex components which make analysis difficult, in general it is thought that putting a similar product on the market is not a simple task. Further, to date the Company has not actively pursued acquisition of patent rights for gold plating, since even a failed patent application would require it to disclose information on the composition of the plating fluid.

However, given the advances in recent years in organic analysis technologies, in the future, with regard to R&D for new technologies the Company will not emphasize making patent applications based upon information on composition, but rather will protect technologies by making patent applications based on physicochemical constants.

However given that registration of all patents pending cannot be guaranteed and that there may be cases where competitors achieve technological developments that are superior to those of the Company, this may have a major affect on the Company's operational strategies.

Further, while the Company conducts thorough in-house investigations to ensure that its operations do not impinge on the intellectual property rights held by a third party, where new patent rights are granted to another company regarding products developed and sold by that Company, this may affect the results of the Company.

6. Unauthorized distribution or disclosure of technological know-how

The technological information of the Company pertains to plating liquid development processes, plating fluids and their composition and components, and technological data that is exchanged by the Company and its clients. This type of technological information is stored in designated secure cabinets that are checked daily and the Company prohibits both the removal of such information from its premises, and its reproduction. Especially with regard to plating composition and components, measures to prevent unauthorized dissemination, such as coded use of terminology by the Company, have been implemented.

However in the event that there is unauthorized dissemination of this information, since it is believed that there is a possibility products similar to those of the Company could be produced by referring to the plating component analysis results in combination with this information, this may affect the results of the Company.

While every effort is made to ensure that personnel are fully aware of the Company's policies when they are hired, their obligations for compliance, and duties to maintain confidentiality, once personnel leave the Company, despite being under a contractual obligation to continue to maintain confidentiality, were they to unlawfully disseminate any part of the Company's technology or information, it cannot be denied that this may affect the Company's operations.

7. Securing and fostering of human resources

The Company is expanding its operations not just on the basis that each employee performs his/her duties as expected, but also that they have a constant awareness of Company operations. To date the Company has been able to maintain an elite workforce through strategies such as increasing company name recognition, strengthening recruiting activities, and upgrading human resource education and training. In the future, while the Company will expand operations by further strengthening R&D systems, expanding overseas markets, and moving into new areas of business, in the event that the Company is unable to recruit or foster a sufficient number of personnel, this may affect future operational development.

8. Laws and regulations

Given that the Company uses chemicals to which the "Poisonous and Deleterious Substances Control Law" applies as raw materials in its plating fluids, the Company is subject to the regulations regarding their sale, manufacture and import that have been enacted under that Law.

The Company, in addition to implementing measures regarding registration of the sale, manufacture, and importation of deleterious and poisonous substances, as legally required, has also established in-house management systems to ensure compliance with the applicable laws and regulations. In the development of products the Company gives full consideration to their composition and components, based upon whether or not the use of poisonous substances is permissible, and in addition considers reducing the amount of these substances. However, in the unlikely event that the Company's use of these materials comes to be in breach of any laws or regulations, this may affect the Company's results.

9. Waste control

In the Company's manufacturing and experimentation processes, liquid waste and emissions are created, which given environmental considerations, must be appropriately processed. Depending upon the concentration of the liquid waste, the Company either processes it through discharged liquid waste treatment equipment or has it processed by an outside contractor. With regard to emission controls, the exhaust gases produced in the laboratory and manufacturing processes are processed by exhaust gas treatment equipment, through a localized ventilation system. As a result of these systems, to date the Company has not been the subject of any orders by public authorities and has received no complaints from local residents. However, in the future, should any problems arise regarding the Company's waste control, this may have a major influence on the Company's results.

4. Financial Statements, etc.

(1) Balance Sheet

Category	As of September 30, 2005		As of September 30, 2006		As of March 31, 2006	
	Amount (One Thousand Yen)	% of Total	Amount (One Thousand Yen)	% of Total	Amount (One Thousand Yen)	% of Total
(ASSETS)						
Current assets						
1. Cash and deposits	2,679,081		3,467,905		3,291,500	
2. Notes receivable	201,338		246,008		234,234	
3. Accounts receivable	1,155,502		1,655,855		1,484,853	
4. Inventories	210,811		272,797		229,652	
5. Deferred tax assets	44,868		53,819		66,457	
6. Other	5,613		5,233		7,155	
Total Current Assets		4,297,215		5,701,619		5,313,852
		87.6		85.6		84.4
Fixed assets						
1. Tangible fixed assets						
(1) Buildings and structures	43,013		39,562		39,655	
(2) Vehicle and delivery equipment	5,480		3,732		4,440	
(3) Tools, equipment and fixtures	124,142		98,071		109,893	
Total Tangible fixed assets		172,636		141,366		153,989
		3.5		2.1		2.4
2. Intangible Fixed Assets		49,244		39,343		44,537
		1.0		0.6		0.7
3. Investments and Other Assets						
(1) Investment securities	358,357		755,195		756,604	
(2) Other	27,731		27,011		27,177	
Total Investment and Other Assets		386,089		782,206		783,782
		7.9		11.7		12.5
Total Fixed Assets		607,970		962,917		982,309
		12.4		14.4		15.6
Total Assets		4,905,186		6,664,536		6,296,162
		100.0		100.0		100.0

Category	As of September 30, 2005			As of September 30, 2006			As of March 31, 2006		
	Amount (One Thousand Yen)		% of Total	Amount (One Thousand Yen)		% of Total	Amount (One Thousand Yen)		% of Total
(LIABILITIES)									
Current liabilities									
1. Notes payable	22,585			17,955			8,347		
2. Accounts payable	250,462			422,315			341,164		
3. Monies payable	35,087			44,514			38,659		
4. Income tax payable	333,625			416,089			551,000		
5. Reserve for bonuses	46,000			53,000			52,000		
6. Other	40,539			16,161			44,297		
Total Current Liabilities		728,299	14.8		970,036	14.5		1,035,469	16.4
Fixed liabilities									
1. Deferred tax liabilities	10,895			154,587			163,572		
2. Reserve for Director's retirement benefits for service	71,420			90,991			80,517		
Total Fixed Liabilities		82,315	1.7		245,578	3.7		244,089	3.9
Total Liabilities		810,615	16.5		1,215,615	18.2		1,279,559	20.3
(SHAREHOLDERS EQUITY)									
Capital stock		1,181,177	24.1		-			1,234,508	19.6
Capital surplus									
1. Capital reserve	924,890			-			978,220		
Total Capital Surplus		924,890	18.9		-			978,220	15.5
Retained earnings									
1. Voluntary reserve	38,220			-			38,220		
(1) Special depreciation reserve	1,200,000			-			1,200,000		
(2) General reserve	719,208			-			1,299,327		
Total Retained Earnings		1,957,428	39.9		-			2,537,547	40.3
Stock valuation differential		31,076	0.6		-			266,327	4.3
Total Shareholders' Equity		4,094,571	83.5		-			5,016,603	79.7
Total Liabilities and Shareholders' Equity		4,905,186	100.0		-			6,296,162	100.0
(Net Assets)									
Shareholders Equity									
(1) Capital stock					1,237,171	18.6			
(2) Capital surplus									
Capital reserve				980,884					
Total capital surplus					980,884	14.7			
(3) Retained earnings									
Other retained earnings									
Reserve for special depreciation				18,607					
General reserve				1,900,000					
Unappropriated retained earnings at the end of the period				1,047,718					
Total Retained Earnings					2,966,325	44.5			
Total Shareholders' Equity					5,184,381	77.8			
Valuation and Exchange									
Differential									
Stock valuation differential					264,539	4.0			
Total Valuation and Exchange					264,539	4.0			
Differential									
Total Net Assets					5,448,921	81.8			
Total Liabilities and Net Assets					6,664,536	100.0			

(2) Profit & Loss Statement

Category	Six months ended Sep 30, 2005		Six months ended Sep 30, 2006		Year ended March 31, 2006				
	Amount (One Thousand Yen)	% of Total	Amount (One Thousand Yen)	% of Total	Amount (One Thousand Yen)	% of Total			
Sales		3,278,326	100.0		4,750,758	100.0		7,448,111	100.0
Cost of sales		1,993,964	60.8		3,321,792	69.9		4,658,891	62.6
Gross Profit		1,284,361	39.2		1,428,966	30.1		2,789,219	37.4
Selling, general and administrative expenses		436,681	13.3		416,688	8.8		828,570	11.1
Operating income		847,680	25.9		1,012,278	21.3		1,960,648	26.3
Non-operating income		1,932	0.0		6,787	0.1		3,286	0.0
Non-operating expenses		759	0.0		3,115	0.0		3,992	0.0
Ordinary income		848,853	25.9		1,015,950	21.3		1,959,942	26.3
Extraordinary income		-	-		188	0.0		310	0.0
Extraordinary losses		65	0.0		2,015	0.0		1,100	0.0
Income before income taxes		848,788	25.9		1,014,122	21.3		1,959,152	26.3
Income taxes, residence taxes and enterprise taxes	319,549			403,526			786,874		
Income tax effect adjustment	20,373	339,923	10.4	4,878	408,404	8.6	-9,934	776,940	10.4
Net income		508,865	15.5		605,718	12.7		1,182,212	15.9
Retained earnings brought forward		210,343						210,343	
Interim dividend		-						93,228	
Unappropriated retained earnings at end of period		719,208						1,299,327	

(3) Statements of Change in Net Assets

Six months ended Sep 30, 2006 (from April 1 to Sep. 30, 2006)

	Shareholders' Equity							
	Capital stock	Capital surplus		Retained earnings				Total Shareholders' Equity
		Capital reserve	Total capital surplus	Other retained earnings			Total retained earnings	
				Special depreciation reserve	Other reserve	Unappropriated retained earnings at the end of the period		
Balance as of March 31, 2006 (One Thousand Yen)	1,234,508	978,220	978,220	38,220	1,200,000	1,299,327	2,537,547	4,750,275
Changes during the current period								
Issuance of new shares	2,663	2,663	2,663	-	-	-	-	5,327
Dividends declared	-	-	-	-	-	-156,940	-156,940	-156,940
Directors' bonuses	-	-	-	-	-	-20,000	-20,000	-20,000
Reversal of special depreciation reserve	-	-	-	-21,650	-	21,650	-	-
Reserve for special depreciation	-	-	-	2,037	-	-2,037	-	-
General reserve	-	-	-	-	700,000	-700,000	-	-
Net income	-	-	-	-	-	605,718	605,718	605,718
Total changes during the current period (One Thousand Yen)	2,663	2,663	2,663	-19,613	700,000	-251,608	428,778	434,105
Balance as of Sep. 30, 2006 (One Thousand Yen)	1,237,171	980,884	980,884	18,607	1,900,000	1,047,718	2,966,325	5,184,381

	Valuation and Exchange Differential		Total Net Assets
	Stock valuation differential	Total Valuation and Exchange Differential	
Balance as of March 31, 2006 (One Thousand Yen)	266,327	266,327	5,016,603
Changes during the current period			
Issuance of new shares	-	-	5,327
Dividends declared	-	-	-156,940
Directors' bonuses	-	-	-20,000
Transfer of special depreciation	-	-	-
Reserve for special depreciation	-	-	-
General reserve	-	-	-
Net income	-	-	605,718
Net changes other than shareholders' equity	-1,787	-1,787	-1,787
Total changes during the current period (One Thousand Yen)	-1,787	-1,787	432,318
Balance as of Sep. 30, 2006 (One Thousand Yen)	264,539	264,539	5,448,921

(4) Cash Flows

	Six months ended Sep 30, 2005	Six months ended Sep 30, 2006	Year ended March 31, 2006
Category	Amount (One Thousand Yen)	Amount (One Thousand Yen)	Amount (One Thousand Yen)
Cash flow from operating activities			
1. Income before income taxes	848,788	1,014,122	1,959,152
2. Depreciation expenses	42,494	35,736	92,347
3. Increase in reserve for bonuses	-	1,000	6,000
4. Increase/decrease in reserve for Directors' retirement benefits for service (minus = decrease)	-53,654	10,473	-44,556
5. Loss on retirement of fixed assets	65	2,015	1,100
6. Interest and dividends receivable	-1,478	-6,191	-1,878
7. Stock distribution expenses	-	251	-
8. Increase in accounts receivable	-354,745	-182,775	-716,992
9. Increase in inventory	-50,288	-43,144	-69,129
10. Increase in purchase liabilities	11,714	90,758	88,178
11. Payment of bonuses for Directors	-25,000	-20,000	-25,000
12. Other	17,827	-28,785	39,932
Sub Total	435,722	873,461	1,329,155
13. Interest and dividends received	1,478	6,191	1,878
14. Income taxes paid	-375,924	-538,436	-625,874
Cash flow from operating activities	61,275	341,216	705,159
Cash flow from investing activities			
1. Expenditures for acquisition of investment securities	-1,577	-1,603	-3,178
2. Expenditures for acquisition of tangible fixed assets	-78,063	-10,643	-111,912
3. Expenditures for acquisition of intangible fixed assets	-396	-700	-6,700
4. Other	-	50	-
Cash flow from investing activities	-80,037	-12,897	-121,792
Cash flow from financing activities			
1. Issuance of common stock	93,654	5,076	197,172
2. Payments for stock exchange listing-related expenses	-1,713	-	-1,713
3. Dividend payments	-92,400	-156,940	-185,628
Cash flow from financing activities	-458	-151,863	9,831
Increase/decrease in cash and cash equivalents	-19,220	176,455	593,198
Balance of cash and cash equivalents at beginning of the period	2,497,506	3,090,704	2,497,506
Balance of cash and cash equivalents at end of the period	2,478,285	3,267,159	3,090,704

(5) Sales Results

The sales results by product are as stated below.

Product Type	Six months ended Sep 30, 2005	Six months ended Sep 30, 2006	Year-on-year comparison	
	Amount (One Thousand Yen)	Amount (One Thousand Yen)	Amount (One Thousand Yen)	(%)
For printed circuit boards & semiconductor substrates	1,766,641	2,096,484	329,842	118.7
For connectors & micro-switches	753,742	1,318,741	564,999	175.0
For lead frames	595,830	1,112,817	516,987	186.8
Other	162,111	222,715	60,604	137.4
Total	3,278,326	4,750,758	1,472,432	144.9

Notes: The above amounts do not include consumption tax.

The major export regions, their sales amounts and the percentage of region in terms of sales are as stated below.

	Six months ended Sep 30, 2005		Six months ended Sep 30, 2006	
	Amount (One Thousand Yen)	% of Total	Amount (One Thousand Yen)	% of Total
Korea	200,628	18.4	256,269	18.6
Taiwan	328,976	30.2	345,356	25.0
Singapore / Malaysia	65,943	6.0	108,386	7.9
China	221,693	20.3	292,604	21.2
Other Regions	273,992	25.1	376,446	27.3
Total	1,091,234 (33.3%)	100.0	1,379,063 (29.0%)	100.0

Notes: The percentages stated within the brackets are the percentage of exports to total sales.