

October 18, 2007



Financial Statements for the Six Months Ended September 30, 2007

For the fiscal year ending March 31, 2008 (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,
 Finance & Accounting Division /Tel +81-3- 3550-1048
 Scheduled Date of Filing Semiannual Securities Report : December 3, 2007
 Beginning of interim dividend payment : November 26, 2007

1. Financial Results for the six months: from April 1, 2007 to September 30, 2007

(Amounts less than one million yen have been disregarded)
 (Percentages represent annual changes over the preceding year unless otherwise stated)

(1) Results of Operations

	Sales		Operating Income		Ordinary Income	
	(million yen)		(million yen)		(million yen)	
Six months ended September 30, 2007	5,340	12.4%	1,061	4.9%	1,077	6.1%
Six months ended September 30, 2006	4,750	44.9%	1,012	19.4%	1,015	19.7%
Year ended March 31, 2007	9,536		2,032		2,040	

	Net Income		Net Income Per Share	Diluted Net Income Per Share
	(million yen)		(yen)	(yen)
Six months ended September 30, 2007	645	6.6%	10,266. 11	10,227. 83
Six months ended September 30, 2006	605	19.0%	9,647. 34	9,572. 23
Year ended March 31, 2007	1,225		19,511. 70	19,375. 68

Reference : Equity in earnings (losses) of affiliates For the six months ended September 30, 2007 : million yen
 For the six months ended September 30, 2006 : million yen
 For the year ended March 31, 2007 : million yen

(2) Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(million yen)	(million yen)	(%)	(yen)
Six months ended September 30, 2007	7,695	6,479	84.1 %	102,758. 04
Six months ended September 30, 2006	6,664	5,448	81.8 %	86,771. 79
Year ended March 31, 2007	7,091	5,881	82.9 %	93,612. 87

Reference : Equity September 30, 2007 : 6,475 million yen
 September 30, 2006 : 5,448 million yen
 March 31, 2007 : 5,881 million yen

(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, 2007	404	-133	-135	3,136
Six months ended September 30, 2006	341	-12	-151	3,267
Year ended March 31, 2007	1,059	-843	-305	3,001

2. Dividend Positions

	Dividend Per Share		
	Interim	Year-End	Annual
	(yen)	(yen)	(yen)
Year ended March 31, 2007	2,500.00	3,000.00	5,500.00
Year ending March 31, 2008	4,000.00		8,000.00
Year ending March 31, 2008 (Forecast)		4,000.00	

3. Financial Forecasts for the Fiscal Year Ending March 31, 2008

	Sales	Operating Income	Ordinary Income	Net Income	Net Income per share
	(million yen)	(million yen)	(million yen)	(million yen)	(Yen)
Year ending March 31, 2008	10,700 12.2%	2,140 5.3%	2,160 5.9%	1,300 6.1%	20,649.67

4. Others

(1) Changes in significant accounting policies

1. Changes in conformity with revision of accounting standard : yes
2. Other changes : No

(2) Number of shares outstanding (Ordinary shares)

1. Number of shares outstanding at the end of period
September 30, 2007 : 63,016 shares
September 30, 2006 : 62,796 shares
March 31, 2007 : 62,832 shares
2. Number of treasury shares at the end of period
September 30, 2007 :
September 30, 2006 :
March 31, 2007 :

Notes Regarding Financial Forecast

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 financial forecasts 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.

Reason for Revision to the Sales Forecasts for the Fiscal Year Ending March 31, 2008

Due to ongoing increases in prices of precious metals such as gold and palladium together with an increase in sales of precious metal compounds, the financial forecast for sales has been revised upwards from the initially forecast.

Net income per share is calculated based on average of shares outstanding issued (62,955 shares) in this fiscal term, under the assumption that the number of shares outstanding at the end of Sep. 2007 is not changed.

1. Review of Operations

(1) Operations Analysis

This interim fiscal period marked the sixth consecutive year of growth for the Japanese economy and while the U.S. economy began to show signs of weakness, an ongoing expansionary trend in exports to emerging countries based on their strong economic performance was noted. The steady improvement in corporate results and slight improvement in consumer spending were also indicators of steady economic recovery, although in both cases the increases were minor.

In the electronic components industry, the expected replacement cycle of PCs incorporating the newest operating systems, the increasing sophistication of digital cameras, and price cutting for flat-panel TVs all contributed to increased demand and overall there was a steady growth trend despite and the slightly negative impact resulting from minor inventory adjustments by some mobile phone manufacturers.

For the Company, ongoing increases in prices of precious metals such as gold and palladium together with an increase in sales of precious metal compounds resulted in higher sales than initially forecast. Further, in terms of income, the ever increasing sales of new products with lead-free solder has lead to better than expected results.

As a result, sales were ¥5,340,300 thousand (12.4% YoY increase), operating income ¥1,061,517 thousand (4.9% YoY increase), ordinary income ¥1,077,926 thousand (6.1% YoY increase) and interim net income of ¥645,689 thousand (6.6% YoY increase).

Product sales according to use-category were as follows:

Printed circuit boards and semiconductor substrates:	¥2,653,455 thousand (26.6% YoY increase)
Connectors. Micro-switches:	¥948,851 thousand (28.0% YoY decrease)
Lead frames:	¥1,433,803 thousand (28.8% YoY increase)
Others:	¥304,188 thousand (36.6% YoY increase)

(2) Analysis of Financial Status

In this interim fiscal period, cash and cash equivalents generated by operating activities increased by ¥404,127 thousand, while those generated by investment and financial activities decreased by ¥133,048 and ¥135,943 thousand, respectively. As a result, cash and cash equivalents increased by ¥135,135 thousand, so that the balance at the end of this interim fiscal period was ¥3,136,667 thousand (4.0% YoY decrease).

(Net cash provided by operating activities)

A net income before income taxes was ¥1,077,926 thousand (6.3% YoY increase). In addition there was an increase in accounts receivable of ¥273,836 thousand, a decrease in accounts payable of ¥48,524 thousand, and income tax payments of ¥432,585 thousand, so that the total cash from operating activities was ¥404,127 thousand, a YoY increase of ¥62,991 thousand.

(Net cash used for investment activities)

In terms of net cash used for investment activities, there were expenditures of ¥102,054 thousand for the acquisition of investment securities and additional expenditures in capital investment, so that total cash used for investment activities was ¥133,048 thousand, a YoY increase of ¥120,151 thousand.

(Net cash used for financial activities)

Revenue of ¥52,552 thousand was received from stock issues through the exercise of stock acquisition rights and there were dividend payments totaling ¥188,496 thousand. As a result, the total cash used for financial

activities was ¥135,943 thousand, a decrease of ¥15,920 thousand compared to the same period in the previous fiscal year.

(Reference) The trends in the cash flow index for the Company

	Sep., 2005 Interim	March, 2006	Sep., 2006 Interim	March, 2007	Sep., 2007 Interim
Equity ratio (%)	83.5	79.7	81.8	82.9%	84.1
Equity ratio based on market value (%)	467.5	858.8	615.3	408.5%	339.8
Debt redemption period (years)	—	—	—	—	—
Interest coverage ratio	—	—	—	—	—

Note) Equity ratio: Equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Debt redemption period: Interest bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

1. Each index was calculated according to available financial figures.
2. Total market value of shares has been calculated by multiplying the closing market price at the end of this fiscal period by the total number of issued shares at that time.

(3) Financial policy regarding allocation of earnings and dividend payments for this period

The Company's financial policy regarding earnings allocation 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.

As a basic principle the Company pays both interim and end-of-year dividend payment amounts as determined, respectively, by resolutions at the Board of Directors meeting and the ordinary general meeting of shareholders.

In the past the Company's focus was on accumulating retained earnings to provide a stable operating base, while at the same time making ongoing future investment in both human resources and capital to ensure future growth. Now that sufficient assets have been accumulated to ensure the achievement of these goals, however, the Company has entered a period in which it has the opportunity to adopt the stance of being flexible in dividend returns to shareholders based on its revenue position, while also maintaining the required amount of retained earnings for future business activities and strengthening its base of operations.

As a specific measure based on the policies stated above, the Board of Directors meeting passed a resolution to increase the interim dividend for the period ending September 30, 2007 from ¥3,000 to ¥4,000. This means that total dividends paid over the entire fiscal period will be ¥8,000, an increase of ¥2,500 over the initial forecast.

(4) 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.

a. 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.

b. 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.

c. Influence of fluctuations in the exchange rate

In the fiscal year ended March 2007 and Sep. 2007, exports accounted for 29.9% and 33.5%, 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.

d. 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.

e. 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.

f. 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, as recently there has been an increase in the number of cases in which e-mail, memory, projector and similar have been used in communications with other companies, 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.

g. 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.

h. 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.

i. 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.

2. Corporate Group

There are no applicable items.

3. Management Policies

(1) Fundamental Management Policies

While the IT society is supported by a wide range of industries, fine chemicals makers are most active in Japan, providing the functional materials required for the production of electronic devices. As precious metal plating chemicals are an important part of the functional chemicals, our Company's fundamental management policy is to grow as a company known among fine chemical makers as the company most highly praised within the international device market.

(2) Targeted Performance Indexes

With the aim of increasing profitability and capital efficiency and gains for shareholders, the company places an emphasis on ROE and DOE (dividend on equity) as targeted performance indexes.

(3) Medium- to Long-Term Management Strategies

The Company, based on its fundamental management policies outlined in its Medium-Term Management Plan (From April 2007 to March 2010), set forth concrete goals with respect to the issues it faces and we continue to strive to meet these goals.

The management strategies are as outlined below.

< Business Strategies >

1. Strengthen sales activities in response to expanded overseas markets

In the past few years, the Company's growth has been supported by the increasing popularity in developed countries of digital equipment such as PCs and mobile phones. However, recently there have been signs that this market has nearly become oversaturated. Accordingly, the Company, believing that the promotion of business strategies that focus on new markets is vital to its future growth, continues to cultivate these strategies in terms of both marketing and technical support.

2. Cultivate new demand for precious metal plating

The range of applications for precious metal plating technologies continues to expand, not just in established product sectors such as PCs, mobile phones and digital cameras but also for game machines and flat screen TVs. Regardless of the sector, the Company believes it is vital to actively strengthen market research and marketing strategies.

3. Enter new business areas

The Company, based on its established technologies within the precious metal plating industry and by continuing to enter into new areas of operation, is actively seeking new markets to further increase revenues and expand the content of its operations.

< Organizational Strategies >

1. Upgrade technical staff

In the future the Company's major competitors will not be precious metal chemical manufacturers but rather general plating chemical manufacturers. Accordingly, in the Company's technical group, "Unique Concepts" are a pre-requisite to challenging these general plating chemical manufacturers whose technical groups employ far more technical staff. The Company is tackling this challenge not merely by increasing staffing levels but by ensuring that all persons hired possesses superior skills within their fields.

2. Strengthen marketing systems

The Company will establish sales hubs and dispatch necessary personnel to markets where future growth is predicted.

Further, within the Japanese market, the Company will establish an information exchange network with the R&D groups of major device manufacturers forming the core of its new technology development systems.

3. Establish in-house management systems

While the Company has already launched its in-house management systems, our goal is to create a system where there is smooth decision-making by top management through the streamlining of important operational processes and the creation of concise documentation.

(4) Key Issues Facing the Company

Current Status and Key Issues

In the Company's core semiconductor and electronics markets the trend towards globalization of operations continues. The majority of the Company's client manufacturers, to adapt to this market expansion, in addition to competing to unearth new technologies, are also continuing to seek out optimum manufacturing systems that on a global scale, with a focus on both marketing and cost competitiveness.

Against this background, the Company continues to supply unique plating chemicals to the electronics industry and recognizes that the following issues must be addressed to ensure its corporate growth as a company that receives high praise in the international marketplace.

1. Growing to become a model fine chemical company in the 21st century

Moving on from the 20th century, in which the mass chemical industry was engaged in cost and sales competition on an engineering basis, to the 21st century, the Company as a fine chemicals manufacturer aims to differentiate itself from rival companies by producing highly functional and highly profitable products that represent the latest chemical-related knowledge.

The Company believes that the most important assets in fine chemical manufacture are not capital or plant capability but rather development and marketing skills, which means placing the highest priority on the acquisition of superior human resources. Accordingly, the Company continues to actively implement recruiting strategies that focus on acquiring persons with postgraduate degrees.

2. Fundamental policy regarding technology and sales

The Company's competitors are involved not only in the precious metal plating chemical industry but also in the base metal plating chemical industry. Accordingly, the Company, as a part of its fundamental technical development policies, continues to promote the ongoing expansion of its market share through timely improvement of its core precious metal plating technologies while at the same time clearly identifying areas that have not yet been fully addressed in technical terms, within both the precious and base metal plating industries.

The Company's fundamental sales policies involve relying on the inherent appeal of our Company's superior products, to promote standardization of high-end products not influenced by economic or industry fluctuations, to achieve new product releases (acquire market share and improve gross profit), to participate in new applications, and to concentrate our personnel placement focusing on overseas markets and specifically to expand sales of existing products to companies operating on the China mainland.

3. Expansion of scale

As a part of the Company's goals, namely to grow as a fine chemical manufacturing company, it is not our ultimate objective to just expand for the sake of corporate expansion. However, based on the company's long held conviction that human resources are the most important assets, the Company continues to steadily increase the number of its employees.

4. Financial Statements, etc.

(1) Balance Sheet

Category	As of September 30, 2006		As of September 30, 2007		As of March 31, 2007	
	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	3,467,905		3,137,415		3,002,209	
2. Notes receivable	246,008		250,286		277,680	
3. Accounts receivable	1,655,855		1,829,204		1,527,974	
4. Inventories	272,797		287,592		310,073	
5. Deferred tax assets	53,819		60,603		59,155	
6. Other	5,233		6,896		14,842	
Total Current Assets		5,701,619		5,571,998		5,191,937
		85.6		72.4		73.2
Fixed assets						
1. Tangible fixed assets						
(1) Buildings and structures	39,562		40,487		42,746	
(2) Vehicle and delivery equipment	3,732		2,557		3,024	
(3) Tools, equipment and fixtures	98,071		72,514		79,310	
Total Tangible Fixed Assets		141,366		115,558		125,080
		2.1		1.5		1.8
2. Intangible fixed assets		39,343		42,997		50,510
		0.6		0.6		0.7
3. Investments and other assets						
(1) Investment securities	755,195		1,433,262		1,190,713	
(2) Long-term time deposits			500,000		500,000	
(3) Other	27,011		32,173		32,925	
Total Investment and Other Assets		782,206		1,965,436		1,723,638
		11.7		25.5		24.3
Total Fixed Assets		962,917		2,123,992		1,899,229
		14.4		27.6		26.8
Total Assets		6,664,536		7,695,991		7,091,166
		100.0		100.0		100.0

Category	As of September 30, 2006			As of September 30, 2007			As of March 31, 2007		
	Amount (One Thousand Yen)		% of Total	Amount (One Thousand Yen)		% of Total	Amount (One Thousand Yen)		% of Total
(LIABILITIES)									
Current liabilities									
1. Notes payable	17,955			9,271					
2. Accounts payable	422,315			356,657			414,453		
3. Monies payable	44,514			38,733			42,655		
4. Income tax payable	416,089			447,988			440,987		
5. Reserve for bonuses	53,000			58,000			55,400		
6. Other	16,161			25,754			31,209		
Total Current Liabilities		970,036	14.5		936,404	12.2		984,705	13.9
Fixed liabilities									
1. Deferred tax liabilities	154,587			173,350			121,735		
2. Reserve for Director's retirement benefits for service	90,991			106,834			102,841		
Total Fixed Liabilities		245,578	3.7		280,184	3.6		224,577	3.2
Total Liabilities		1,215,615	18.2		1,216,588	15.8		1,209,282	17.1
(Net Assets)									
Shareholders Equity									
1. Capital stock		1,237,171	18.6		1,266,746	16.5		1,240,248	17.5
2. Capital surplus									
(1) Capital reserve	980,884			1,010,458			983,961		
Total capital surplus		980,884	14.7		1,010,458	13.1		983,961	13.9
3. Retained earnings									
(1) Other retained earnings									
Reserve for special depreciation	18,607			10,157			13,509		
General reserve	1,900,000			2,600,000			1,900,000		
Unappropriated retained earnings at the end of the period	1,047,718			1,275,928			1,515,383		
Total Retained Earnings		2,966,325	44.5		3,886,086	50.6		3,428,893	48.3
Total Shareholders' Equity		5,184,381	77.8		6,163,291	80.1		5,653,102	79.7
Valuation and Exchange Differential									
Stock valuation differential		264,539			312,108			228,781	
Total Valuation and Exchange Differential		264,539	4.0		312,108	4.1		228,781	3.2
Stock Acquisition rights					4,002	0.1			
Total Net Assets		5,448,921	81.8		6,479,402	84.2		5,881,884	82.9
Total Liabilities and Net Assets		6,664,536	100.0		7,695,991	100.0		7,091,166	100.0

(2) Profit & Loss Statement

Category	Six months ended Sep 30, 2006		Six months ended Sep 30, 2007		Year ended March 31, 2007				
	Amount (One Thousand Yen)	% of Total	Amount (One Thousand Yen)	% of Total	Amount (One Thousand Yen)	% of Total			
Sales		4,750,758	100.0		5,340,300	100.0		9,536,769	100.0
Cost of sales		3,321,792	69.9		3,813,698	71.4		6,655,511	69.8
Gross Profit		1,428,966	30.1		1,526,602	28.6		2,881,257	30.2
Selling, general and administrative expenses		416,688	8.8		465,085	8.7		848,586	8.9
Operating income		1,012,278	21.3		1,061,517	19.9		2,032,671	21.3
Non-operating income		6,787	0.1		17,435	0.3		10,518	0.1
Non-operating expenses		3,115	0.1		1,026	0.0		3,182	0.0
Ordinary income		1,015,950	21.3		1,077,926	20.2		2,040,007	21.4
Extraordinary income		188	0.0		-	-		188	0.0
Extraordinary losses		2,015	0.0		-	-		2,082	0.0
Income before income taxes		1,014,122	21.3		1,077,926	20.2		2,038,113	21.4
Income taxes, residence taxes and enterprise taxes	403,526			439,237			821,614		
Income tax effect adjustment	4,878	408,404	8.6	-7,000	432,237	8.1	-8,776	812,837	8.5
Net income		605,718	12.7		645,689	12.1		1,225,275	12.9

(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
Net changes other than shareholders' equity	-	-	-	-	-	-	-	-
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
Reversal 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

Notes: Reversal items for special depreciation reserve are as follows.

1. Reversal amounts according to the resolution of the Shareholders General Meeting held in June 2006: ¥16,552 thousand.
2. Reversal amounts during the current interim period: ¥5,097 thousand.

Six months ended Sep 30, 2007 (from April 1 to Sep. 30, 2007)

	Shareholders' Equity							
	Capital stock	Capital surplus		Retained earnings			Total retained earnings	Total Shareholders' Equity
		Capital reserve	Total capital surplus	Other retained earnings				
				Special depreciation reserve	Other reserve	Unappropriated retained earnings at the end of the period		
Balance as of March 31, 2007 (One Thousand Yen)	1,240,248	983,961	983,961	13,509	1,900,000	1,515,383	3,428,893	5,653,102
Changes during the current period								
Issuance of new shares	26,497	26,497	26,497	-	-	-	-	52,995
Dividends declared	-	-	-	-	-	-188,496	-188,496	-188,496
Reversal of special depreciation reserve	-	-	-	-3,351	-	3,351	-	-
General reserve	-	-	-	-	700,000	-700,000	-	-
Net income	-	-	-	-	-	645,689	645,689	645,689
Net changes other than shareholders' equity	-	-	-	-	-	-	-	-
Total changes during the current period (One Thousand Yen)	26,497	26,497	26,497	-3,351	700,000	-239,454	457,193	510,188
Balance as of Sep. 30, 2007 (One Thousand Yen)	1,266,746	1,010,458	1,010,458	10,157	2,600,000	1,275,928	3,886,086	6,163,291

	Valuation and Exchange Differential		Stock Acquisition rights	Total Net Assets
	Stock valuation differential			
Balance as of March 31, 2007 (One Thousand Yen)	228,781	228,781	-	5,881,884
Changes during the current period				
Issuance of new shares	-	-	-	52,995
Dividends declared	-	-	-	-188,496
Reversal of special depreciation	-	-	-	-
General reserve	-	-	-	-
Net income	-	-	-	645,689
Net changes other than shareholders' equity	83,327	83,327	4,002	87,329
Total changes during the current period (One Thousand Yen)	83,327	83,327	4,002	597,518
Balance as of Sep. 30, 2007 (One Thousand Yen)	312,108	312,108	4,002	6,479,402

Previous Fiscal Period (April 1, 2006 - March 31, 2007)

	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	4,750,278
Changes during the current period								
Issuance of new shares	5,740	5,740	5,740	-	-	-	-	11,481
Dividends declared	-	-	-	-	-	-313,930	-313,930	-313,930
Directors' bonuses	-	-	-	-	-	-20,000	-20,000	-20,000
Reversal of special depreciation reserve	-	-	-	-26,747	-	26,747	-	-
Reserve for special depreciation	-	-	-	2,037	-	-2,037	-	-
General reserve	-	-	-	-	700,000	-700,000	-	-
Net income	-	-	-	-	-	1,225,275	1,225,275	1,225,275
Net changes other than shareholders' equity	-	-	-	-	-	-	-	-
Total changes during the current period (One Thousand Yen)	5,740	5,740	5,740	-24,710	700,000	216,056	891,345	902,826
Balance as of March 31, 2007 (One Thousand Yen)	1,240,248	983,961	983,961	13,509	1,900,000	1,515,383	3,428,893	5,653,102

	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	-	-	11,481
Dividends declared	-	-	-313,930
Directors' bonuses	-	-	-20,000
Reversal of special depreciation reserve	-	-	-
Reserve for special depreciation	-	-	-
General reserve	-	-	-
Net income	-	-	1,225,275
Net changes other than shareholders' equity	-37,545	-37,545	-37,545
Total changes during the current period (One Thousand Yen)	-37,545	-37,545	865,281
Balance as of March 31, 2007 (One Thousand Yen)	228,781	228,781	5,881,884

Notes: Reversal items for special depreciation reserve are as follows.

1. Reversal amounts according to the resolution of the Shareholders General Meeting held in June 2006: ¥16,552 thousand.
2. Reversal amounts during the current fiscal period: ¥10,194 thousand.

(4) Cash Flows

	Six months ended Sep 30, 2006	Six months ended Sep 30, 2007	Year ended March 31, 2007
Category	Amount (One Thousand Yen)	Amount (One Thousand Yen)	Amount (One Thousand Yen)
Cash flow from operating activities			
1. Income before income taxes	1,014,122	1,077,926	2,038,113
2. Depreciation expenses	35,736	33,030	76,470
3. Share-based payments	-	4,002	-
4. Increase in reserve for bonuses	1,000	2,600	3,400
5. Increase in reserve for Directors' retirement benefits for service	10,473	3,992	22,323
6. Loss on retirement of fixed assets	2,015	-	2,082
7. Interest and dividends receivable	-6,191	-17,071	-9,048
8. Increase in accounts receivable	-182,775	-273,836	-86,567
9. Increase/decrease in inventory (minus = increase)	-43,144	22,481	-80,421
10. Increase/decrease in purchase liabilities (minus = decrease)	90,758	-48,524	64,940
11. Payment of bonuses for Directors	-20,000	-	-20,000
12. Other	-28,534	15,040	-29,239
Sub Total	873,461	819,642	1,982,052
13. Interest and dividends received	6,191	17,071	9,048
14. Income taxes paid	-538,436	-432,585	-931,626
Cash flow from operating activities	341,216	404,127	1,059,474
Cash flow from investing activities			
1. Expenditures for acquisition of tangible fixed assets	-10,643	-16,562	-32,495
2. Expenditures for acquisition of intangible fixed assets	-700	-14,430	-7,547
3. Expenditures for acquisition of investment securities	-1,603	-102,054	-497,413
4. Net increase/decrease in time and savings deposits (minus = increase)	-	-1	-299,950
5. Other	50	-	-5,737
Cash flow from investing activities	-12,897	-133,048	-843,143
Cash flow from financing activities			
1. Issuance of common stock	5,076	52,552	11,191
2. Dividend payments	-156,940	-188,496	-313,930
3. Other	-	-	-2,764
Cash flow from financing activities	-151,863	-135,943	-305,503
Increase/decrease in cash and cash equivalents	176,455	135,135	-89,171
Balance of cash and cash equivalents at beginning of the period	3,090,704	3,001,532	3,090,704
Balance of cash and cash equivalents at end of the period	3,267,159	3,136,667	3,001,532

(5) Sales Results

The sales results by product are as stated below.

Product Type	Six months ended Sep 30, 2006	Six months ended Sep 30, 2007	Year-on-year comparison	
	Amount (One Thousand Yen)	Amount (One Thousand Yen)	Amount (One Thousand Yen)	(%)
For printed circuit boards & semiconductor substrates	2,096,484	2,653,455	556,971	126.6
For connectors & micro-switches	1,318,741	948,851	-369,890	72.0
For lead frames	1,112,817	1,433,803	320,986	128.8
Other	222,715	304,188	81,473	136.6
Total	4,750,758	5,340,300	589,542	112.4

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, 2006		Six months ended Sep 30, 2007	
	Amount (One Thousand Yen)	% of Total	Amount (One Thousand Yen)	% of Total
Korea	256,269	18.6	260,360	14.6
Taiwan	345,356	25.0	328,014	18.3
Singapore / Malaysia	108,386	7.9	104,329	5.8
China	292,604	21.2	649,273	36.3
Other Regions	376,446	27.3	446,678	25.0
Total	1,379,063 (29.0%)	100.0	1,788,655 (33.5%)	100.0

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