

April 26, 2010



Financial Statements for the Fiscal Year Ended March 31, 2010

(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 : Shigeki Shimizu, President
 Investor Relations : Kaoru Uchida, General Manager,
 Corporate Planning Division /Tel +81-3- 3550-1048
 Scheduled Date of General Meeting of Shareholders : June 21, 2010
 Beginning of dividend payment : June 22, 2010
 Scheduled Date of Filing Annual Securities Report : June 21, 2010

1. Financial Results for the fiscal year: from April 1, 2009 to March 31, 2010

(1) Results of Operations

(Amounts less than one million yen have been disregarded)

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

	Sales		Operating Income		Ordinary Income	
	(million yen)		(million yen)		(million yen)	
Year ended March 31, 2010	8,087	-0.7%	1,329	23.3%	1,370	22.5%
Year ended March 31, 2009	8,146	-27.7%	1,077	-49.7%	1,119	-48.4%

	Net Income		Net Income Per Share	Diluted Net Income Per Share	Return on Equity	Ordinary Income to total Assets	Operating Income Ratio
	(million yen)		(yen)	(yen)	(%)	(%)	(%)
Year ended March 31, 2010	804	100.5%	13,080.63	13,077.17	12.8	19.4	16.4
Year ended March 31, 2009	401	-68.8%	6,453.05	6,451.19	6.4	15.8	13.2

Reference : Equity in earnings (losses) of affiliates For the year ended March 31, 2010 : — million yen
 For the year ended March 31, 2009 : — million yen

(2) Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(million yen)	(million yen)	(%)	(yen)
Year ended March 31, 2010	7,788	6,673	85.0%	107,555.49
Year ended March 31, 2009	6,373	6,020	93.9%	97,294.39

Reference : Equity March 31, 2010 : 6,618 million yen
 March 31, 2009 : 5,985 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)
Year ended March 31, 2010	864	-595	-490	3,256
Year ended March 31, 2009	1,423	-383	-922	3,477

2. Dividend Positions

	Dividend Per Share					Total Annual Dividend	Payout Ratio	Dividend on Equity Ratio
	June 30	Sept. 30	Dec. 31	Year-End	Annual			
	(yen)	(yen)	(yen)	(yen)	(yen)	(million yen)	(%)	(%)
Year ended March 31, 2009	—	4,000.00	—	4,000.00	8,000.00	495	124.0	7.9
Year ended March 31, 2010	—	4,000.00	—	4,000.00	8,000.00	492	61.2	7.8
Year ending March 31, 2011 (Forecasts)	—	4,000.00	—	4,000.00	8,000.00		54.7	

3. Financial Forecasts for the Fiscal Year Ending March 31, 2011

	Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	(million yen)		(million yen)		(million yen)		(million yen)		(yen)
Six months ending September 30, 2010	4,190	12.5%	750	11.8%	770	10.3%	450	7.9%	7,313.15
Year ending March 31, 2011	8,380	3.6%	1,500	12.9%	1,540	12.4%	900	11.9%	14,626.30

4. Others

(1) Changes in significant accounting policies

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

(2) Number of shares outstanding (Ordinary shares)

1. Number of shares outstanding at the end of term (including treasury stocks)

For the year ended March 31, 2010	: 63,130 shares
For the year ended March 31, 2009	: 63,118 shares
2. Number of treasury stocks at the end of term

For the year ended March 31, 2010	: 1,597 shares
For the year ended March 31, 2009	: 1,597 shares

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.

Please refer to "Review of Operations (1)Operations Analysis" on page 3 in relation to above-mentioned forecasts.

1. Review of Operations

(1) Operations Analysis

In the fiscal year ended March 31, 2010, the Japanese economy emerged from the worst of the recession and began to recover, backed by large-scale fiscal and monetary measures and a recovery of exports to Asia. However, the recovery was very slow, with weak capital expenditures and consumer confidence, a very slow stock market turnaround in leading economies, and an uncertain outlook for the Japanese economy given radical changes in economic policies associated with a change of government, including a supplementary budget freeze and an overall review of the national budget.

In the electronic components industry, demand for semiconductors clearly recovered, driven by new market segments that emerged after the global economic downturn two years ago, including personal computers equipped with Windows 7, thin-screen TVs, netbook PCs, Tablet PCs, and smart phones.

Japan Pure Chemical Co., Ltd. (the Company) did not see its usual increase in demand toward the year-end shopping season as customers continued to control inventory carefully, but sales of plating chemicals were solid overall, backed by rises in demand for netbook PCs, smart phones, and thin-screen TVs. As a result, sales were ¥8,087,037 thousand (a 0.7% YoY decrease), operating income was ¥1,329,436 thousand (a 23.3% YoY increase), ordinary income was ¥1,370,631 thousand (a 22.5% YoY increase), and net income was ¥804,872 thousand (a 100.5% YoY increase).

The Company wrote off investment securities if their market values had declined significantly. It consequently posted a loss on valuation of investment securities of ¥19,522 thousand as an extraordinary loss.

Sales according to use category are as stated below.

(Printed circuit boards and semiconductor substrates)

Demand for plating chemicals for PC MPU package substrates, and package substrates, motherboards, and flexible substrates for smart phones and mobile phones in overseas markets was solid, but the recovery of domestic demand was slow. As a result, sales were ¥3,034,673 thousand, an 8.9% YoY decrease.

(Connectors)

The Company expanded sales of new hard gold plating chemicals used in connectors which slash the quantity of gold used, and acquired new customers. Sales were ¥2,177,763 thousand, a 12.9% YoY increase.

(Lead frames)

The shift to lead-free solder continued in many applications. Sales of palladium-plating chemicals for lead frames were favorable. Consequently, sales were ¥2,177,258 thousand, a 13.1% YoY increase.

(Others)

The recovery of demand for precious metals for decorating clocks and watches was slow. Sales were ¥697,342 thousand, a 27.5% YoY fall.

Outlook for the Next Fiscal Year

Although the Company expects that the economy will continue to recover moderately in the coming fiscal year, aided by a recovery in personal spending and increases in capital expenditure associated with improved corporate earnings, there is still concern about adverse trends, and the economic outlook remains uncertain.

The Company is aiming to ensure that both sales and income increase to the level seen in the previous fiscal year by fully implementing cost reduction measures and expanding sales of new products, which are nearly back on track.

(2) Financial Position Analysis

a. Financial position analysis

Total assets on March 31, 2010 were ¥7,788,555 thousand, a YoY increase of ¥1,415,155 thousand.

Current assets were ¥5,074,104 thousand, a YoY increase of ¥488,698 thousand, mainly because of a YoY

increase of ¥771,290 thousand in accounts receivable-trade and a YoY decrease of ¥232,409 thousand in income taxes receivable.

Noncurrent assets were ¥2,714,450 thousand, a YoY increase of ¥926,456 thousand, primarily due to a YoY increase of ¥1,039,904 thousand in investment securities and a YoY decrease of ¥103,939 thousand in deferred tax assets.

Total liabilities as of March 31, 2010 were ¥1,114,679 thousand, a YoY increase of ¥762,136 thousand.

Current liabilities were ¥862,506 thousand, a YoY increase of ¥649,403 thousand, due to increases of ¥511,532 thousand in income taxes payable and ¥129,333 thousand in accounts payable-trade.

Noncurrent liabilities were ¥252,172 thousand, a YoY increase of ¥112,732 thousand, mainly because of an increase of ¥101,492 thousand in deferred tax liabilities.

Net assets as of March 31, 2010 were ¥6,673,875 thousand, a YoY increase of ¥653,018 thousand, principally attributable to an increase of ¥312,656 thousand in retained earnings and an increase of ¥317,855 thousand in valuation difference on securities.

b. Cash flow analysis

Cash and cash equivalents (net cash) at the end of the fiscal year ended March 31, 2010 were ¥3,256,773 thousand, down ¥221,025 thousand from a year earlier. The cash flow position for the fiscal year is as follows:

Net cash provided by operating activities

Income before income taxes was ¥1,345,717 thousand (a YoY increase of ¥683,334 thousand). Net cash provided by operating activities was ¥864,884 thousand (a YoY decrease of ¥558,746 thousand), reflecting an increase of ¥829,113 thousand for notes and accounts receivable-trade, an increase of ¥66,793 thousand in inventories, a loss on valuation of investment securities of ¥19,522 thousand, an increase of ¥129,333 thousand in notes and accounts payable-trade, income taxes paid of ¥107,873 thousand, and income taxes refund of ¥233,906 thousand.

Net cash used in investing activities

Net cash used in investing activities was ¥595,736 thousand, due to an expenditure of ¥58,233 thousand for capital investments and an expenditure of ¥523,509 thousand for purchase of investment securities.

Net cash used in financing activities

Net cash used in financing activities was ¥490,174 thousand, due mainly to an expenditure of ¥492,216 thousand for dividend payments.

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

	March, 2006	March, 2007	March, 2008	March, 2009	March, 2010
Equity Ratio	79.7%	82.9%	84.6%	93.9%	85.0%
Ratio of Market Capitalization to Total Assets	858.5%	408.5%	273.1%	190.9%	240.2%
Debt Redemption Multiple	—	—	—	—	—
Interest Coverage Ratio	—	—	—	—	—

Equity ratio: Net assets / Total assets

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

(3) Fundamental policy regarding allocation of earnings and dividends for this and the next fiscal years

The Company's financial policy regarding earnings allocation is to maintain flexibility in respect of dividend payments 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.

It is believed that the Company has ensured sufficient retained earnings for strengthening the base of operations. Further, the Company intends to continue with its medium- to long-term growth strategy.

Under this policy, the Company plans to propose an ordinary dividend of ¥4,000 at the General Meeting of Shareholders to be held on June 21, 2010. This will result in a total annual dividend per share of ¥8,000, which is unchanged from the previous year.

As regards the dividend for the next fiscal year, while it remains unclear whether results will recover, it is thought that the dividend will remain unchanged from this year.

(4) Business Risk

Among the items concerning the Company's business status described in this business report, we believe the following matters might have a substantial impact on investors' judgments.

a. Heavy Dependence on the Electronic Equipment Industry

Most of the Company's clients operate in the electronic equipment industry, for which the main applications of our products are as plating chemicals for semiconductor mounting substrates, printed circuit boards, connectors and lead frames of electronic components. The Company's business results are greatly influenced by market trends in the industry, especially the mobile phone and PC markets.

b. Influences of Product and Raw Material Market Trends

Raw materials used for the Company's mainstay products are classified as precious metals and chemicals. On a cost basis, precious metals account for a majority.

While the prices of chemicals are relatively stable, prices of precious metals such as gold, silver and palladium are largely influenced by international market prices, and the Company's sales are vulnerable to their fluctuation.

Because the contract prices for precious metals between the Company and its clients are determined based on the market values on the day of a given transaction, and since we place orders to purchase precious metals immediately upon receiving orders from clients, fluctuations in the market prices for precious metals have little impact on our profit margins. However, risks are entailed by such fluctuations when it is necessary to secure rollover inventory, and we strive to minimize the impact this has by shortening delivery times and minimizing inventory volume.

Moreover, given the finite amount of precious metals on earth, a drastic change in the balance of supply and demand, or incidents such as mining accidents that could disturb the procurement of materials, might affect the Company's business activities.

c. Impact of Exchange Rate Fluctuations

Exports accounted for 33.8% and 35.1% of the Company's businesses in the fiscal year ended March 2009 and the year ended March 2010, respectively. Although such overseas trading is typically settled in yen, we see a growing trend of trading in U.S. dollars. Although the Company hedges such risks through forward exchange contracts, there is no guarantee that they can be completely avoided. Therefore, exchange rate fluctuations might influence the Company's business results.

d. Research and Development

Given the remarkable technological innovations in the electronic equipment industry, research and development is crucial to offer products that meet customer demand and maintain and expand the Company's market share. We

put tremendous energy and resources into R&D activities to develop new products and improve existing ones.

The Company will continue brisk R&D activities related to plating chemicals for cutting-edge devices, to further enhance user efficiency and reduce costs, and to make them environmentally friendly. However, the Company's business results might be affected should such activities not progress as planned.

e. Intellectual Property Rights

Given the complex composition of the Company's mainstay products—plating chemicals for precious metals—analyzing them to learn their composition is so hard that, in general, it is difficult for potential competitors to enter into the market with similar products. In addition, even if an applied patent is not approved, information on the composition of our products is disclosed. For these reasons, the Company has not yet been active in acquiring patent rights for plating chemicals for precious metals.

Given the recent advances in organic analysis technology, however, we will not use a patent application method using information on product composition for our new technologies, but adopt a new method using parameters specified by physicochemical constants, thereby protecting our technologies. But there is no guarantee that all of our patent applications will be granted and registered, and our competitors might produce innovative R&D that is superior to ours. In such cases, the Company's business strategies might be affected.

Despite thorough investigations by the Company to ensure that the products it develops and sells do not impinge on intellectual property rights held by a third party, should it be found guilty of such a violation, or should a competitor have a new patent with a direct impact on one of the Company's products approved, business results might be affected.

f. Unauthorized Distribution or Leak of Technological Know-how

The Company's technological information includes development processes, the composition of plating chemicals, and technological data exchanged between the Company and its clients. Such technological information is stored in designated secure cabinets that are checked daily. The Company prohibits taking such data off the premises or copying it. Data on the composition of plating chemicals, in particular, is kept using the Company's special annotation system, thereby preventing leaks.

Despite such efforts, recently there has been an increase in the use of communication tools such as e-mail, flash memory and projectors. Should a leak of information occur by such means, it would become possible for others to manufacture similar products by analyzing our plating chemicals to learn their composition and comparing their results with the leaked information, thus affecting the Company's business results.

Although we explain and emphasize the Company's policy to employees at the time of employment, including their obligation to maintain confidentiality, once they retire there is no guarantee that they will continue to be loyal, despite a contractual obligation to do so for a certain period after retirement. A partial leak of information might affect the Company's operations.

g. Securing and Fostering Human Resources

The Company's employees not only carry out their duties, but also have an overall vision while engaged in business activities. Currently, we are able to secure high-caliber human resources thanks to the Company's stature, through such methods as reinforced employment activities, education and training. However, the Company faces many issues, such as further reinforcement of R&D systems, overseas expansion and expansion into new business fields, which will extend its business scale. If the Company cannot fully secure and foster human resources who can live up to expectations, its future progress might be affected.

h. Legal Restrictions

To manufacture plating chemicals, the Company uses raw materials that are controlled by the Poisonous and Deleterious Substances Control Law, which restricts the sale, manufacture, export and other areas concerning the

Company's products.

The Company is legally registered as a distributor, manufacturer and importer of poisonous and deleterious substances. Through our thorough internal management system, we strive for legal compliance. Despite all our efforts, however, any use of such substances that happens to breach the relevant laws or regulations might affect the Company's business results.

i. Waste Control

Through the Company's manufacturing and experimental processes, liquid waste and exhaust gas are discharged. Such waste must be appropriately treated in an environmentally friendly manner. Depending on the concentration, the Company treats liquid waste using special equipment, or uses subcontractors to do so. Using the appropriate equipment, we treat exhaust gas collected through ventilation systems installed in laboratories and the various areas where manufacturing processes are conducted. As a result of our efforts, the Company has never received orders or guidance from authorities, or complaints from community residents. However, should issues arise in the future concerning the Company's waste control, its business results might be affected.

2. Corporate Group

There have been no major changes to the Business Flow Diagram (Business Details) from those contained in the recent Securities Report (Submitted on June 17, 2009). Accordingly, this item has been omitted.

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 (April 2010 – March 2013), set forth concrete goals with respect to the issues it faces and continues 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 an internal management system

The Company has implemented reliability evaluations in respect of internal controls relating to financial reports based upon the matters stipulated within the Financial Instruments and Exchange Law.

(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) Sales expansion

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.

With our prediction that the Company's current space will become insufficient for its business operations in a few years, discussion is under way for relocation of either the Company as a whole, or certain divisions.

(5) Sales Results by Product

Product Type	Previous Fiscal Period (April 1, 2008 - March 31, 2009)		Current Fiscal Period (April 1, 2009 - March 31, 2010)	
	Amount (One Thousand Yen)		Amount (One Thousand Yen)	Year-on-year comparison (%)
For printed circuit boards & semiconductor substrates	3,330,703		3,034,673	91.1
For connectors & micro-switches	1,928,239		2,177,763	112.9
For lead frames	1,925,159		2,177,258	113.1
Other	962,177		697,342	72.5
Total	8,146,279		8,087,037	99.3

(6) Sales Results by Export Region

	Previous Fiscal Period (April 1, 2008 - March 31, 2009)		Current Fiscal Period (April 1, 2009 - March 31, 2010)	
	Amount (One Thousand Yen)	% of Total	Amount (One Thousand Yen)	% of Total
Korea	359,459	13.1	504,202	17.3
Taiwan	409,989	14.9	461,045	16.2
Singapore / Malaysia	103,162	3.8	137,671	4.8
China	1,303,522	47.4	926,167	32.6
Other Regions	574,663	20.9	813,310	28.6
Total	2,750,796 (33.8%)	100.0	2,842,397 (35.1%)	100.0

4. Financial Statements, etc.

(1) Balance Sheet

(unit: thousands of yen)

	Previous Fiscal Period (March 31, 2009)	Current Fiscal Period (March 31, 2010)
Assets		
Current assets		
Cash and deposits	3,478,548	3,257,525
Notes receivable-trade	78,356	136,178
Accounts receivable-trade	602,440	1,373,730
Merchandise and finished goods	66,097	72,212
Raw materials and supplies	94,644	155,323
Prepaid expenses	6,814	5,971
Deferred tax assets	12,778	69,617
Income taxes receivable	232,409	—
Consumption taxes receivable	10,673	—
Other	2,641	3,545
Total current assets	4,585,406	5,074,104
Noncurrent assets		
Property, plant and equipment		
Buildings	87,593	75,657
Accumulated depreciation	△53,289	△52,984
Buildings, net	34,304	22,673
Structures	232	232
Accumulated depreciation	△43	△90
Structures, net	188	141
Machinery and equipment	28,381	50,239
Accumulated depreciation	△9,128	△24,144
Machinery and equipment, net	19,252	26,095
Vehicles	12,149	12,408
Accumulated depreciation	△8,769	△7,669
Vehicles, net	3,379	4,738
Tools, furniture and fixtures	446,039	440,655
Accumulated depreciation	△382,516	△397,289
Tools, furniture and fixtures, net	63,523	43,365
Total property, plant and equipment	120,648	97,015
Intangible assets		
Right of trademark	1,285	1,009
Software	26,086	34,301
Telephone subscription right	466	466
Total intangible assets	27,838	35,777
Investments and other assets		
Investment securities	1,008,302	2,048,206
Long-term prepaid expenses	2,529	1,712
Deferred tax assets	103,939	—
Long-term time deposits	500,000	500,000
Guarantee deposits	22,924	23,181
Other	1,812	8,557
Total investments and other assets	1,639,507	2,581,658
Total noncurrent assets	1,787,994	2,714,450
Total assets	6,373,400	7,788,555

	Previous Fiscal Period (March 31, 2009)	Current Fiscal Period (March 31, 2010)
Liabilities		
Current liabilities		
Accounts payable-trade	90,944	220,277
Accounts payable-other	37,039	42,715
Income taxes payable	—	511,532
Accrued consumption taxes	—	5,442
Provision for bonuses	63,000	66,000
Accounts payable-facilities	5,723	219
Other	16,395	16,318
Total current liabilities	<u>213,103</u>	<u>862,506</u>
Noncurrent liabilities		
Deferred tax liabilities	—	101,492
Provision for directors' retirement benefits	139,440	150,680
Total noncurrent liabilities	<u>139,440</u>	<u>252,172</u>
Total liabilities	<u>352,543</u>	<u>1,114,679</u>
Net assets		
Shareholders' equity		
Capital stock	1,278,156	1,279,182
Capital surplus		
Legal capital surplus	1,021,869	1,022,894
Total capital surpluses	<u>1,021,869</u>	<u>1,022,894</u>
Retained earnings		
Other retained earnings		
Reserve for special depreciation	509	—
General reserve	3,300,000	3,500,000
Retained earnings brought forward	875,815	988,981
Total retained earnings	<u>4,176,324</u>	<u>4,488,981</u>
Treasury stock	<u>△421,730</u>	<u>△421,730</u>
Total shareholders' equity	<u>6,054,620</u>	<u>6,369,328</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	△68,972	248,883
Total valuation and translation adjustments	<u>△68,972</u>	<u>248,883</u>
Subscription rights to shares	35,209	55,664
Total net assets	<u>6,020,857</u>	<u>6,673,875</u>
Total liabilities and net assets	<u>6,373,400</u>	<u>7,788,555</u>

(2) Profit & Loss Statement

(unit: thousands of yen)

	Previous Fiscal Period (April 1, 2008 - March 31, 2009)	Current Fiscal Period (April 1, 2009 - March 31, 2010)
Net sales	8,146,279	8,087,037
Cost of sales		
Beginning finished goods	120,694	66,097
Cost of products manufactured	6,037,891	5,834,565
Total	6,158,586	5,900,662
Ending finished goods	66,097	72,212
Cost of finished goods sold	6,092,488	5,828,450
Gross profit	2,053,790	2,258,587
Selling, general and administrative expenses	976,001	929,150
Operating income	1,077,789	1,329,436
Non-operating income		
Interest income	7,361	1,362
Dividends income	32,344	23,277
Interest on securities	—	7,822
Interest on refund	—	6,969
Miscellaneous income	4,140	1,660
Foreign exchange gains	—	111
Total non-operating income	43,846	41,203
Non-operating expenses		
Stock issuance cost	50	9
Commission for purchase of treasury stock	1,389	—
Miscellaneous loss	902	—
Total non-operating expenses	2,342	9
Ordinary income	1,119,294	1,370,631
Extraordinary income		
Insurance income	—	1,899
Total extraordinary income	—	1,899
Extraordinary loss		
Loss on sales of noncurrent assets	—	582
Loss on retirement of noncurrent assets	—	6,708
Loss on valuation of investment securities	456,910	19,522
Total extraordinary losses	456,910	26,812
Income before income taxes	662,383	1,345,717
Income taxes-current	214,030	610,318
Income taxes-deferred	46,917	△69,473
Total income taxes	260,947	540,845
Net income	401,435	804,872

(3) Statements of Change in Net Assets

(unit: thousands of yen)

	Previous Fiscal Period (April 1, 2008 - March 31, 2009)	Current Fiscal Period (April 1, 2009 - March 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	1,277,498	1,278,156
Changes of items during the period		
Issuance of new shares	658	1,025
Total changes of items during the period	658	1,025
Balance at the end of current period	1,278,156	1,279,182
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	1,021,210	1,021,869
Changes of items during the period		
Issuance of new shares	658	1,025
Total changes of items during the period	658	1,025
Balance at the end of current period	1,021,869	1,022,894
Total capital surplus		
Balance at the end of previous period	1,021,210	1,021,869
Changes of items during the period		
Issuance of new shares	658	1,025
Total changes of items during the period	658	1,025
Balance at the end of current period	1,021,869	1,022,894
Retained earnings		
Other retained earnings		
Reserve for special depreciation		
Balance at the end of previous period	8,124	509
Changes of items during the period		
Reversal of reserve for special depreciation	△7,615	△509
Total changes of items during the period	△7,615	△509
Balance at the end of current period	509	—
General reserve		
Balance at the end of previous period	2,600,000	3,300,000
Changes of items during the period		
Provision of general reserve	700,000	200,000
Total changes of items during the period	700,000	200,000
Balance at the end of current period	3,300,000	3,500,000
Retained earnings brought forward		
Balance at the end of previous period	1,668,768	875,815
Changes of items during the period		
Reversal of reserve for special depreciation	7,615	509
Provision of general reserve	△700,000	△200,000
Dividends from surplus	△502,004	△492,216
Net income	401,435	804,872
Total changes of items during the period	△792,953	113,165
Balance at the end of current period	875,815	988,981

	Previous Fiscal Period (April 1, 2008 - March 31, 2009)	Current Fiscal Period (April 1, 2009 - March 31, 2010)
Total retained earnings		
Balance at the end of previous period	4,276,893	4,176,324
Changes of items during the period		
Reversal of reserve for special depreciation	—	—
Provision of general reserve	—	—
Dividends from surplus	△502,004	△492,216
Net income	401,435	804,872
Total changes of items during the period	△100,568	312,656
Balance at the end of current period	4,176,324	4,488,981
Treasury stock		
Balance at the end of previous period	—	△421,730
Changes of items during the period		
Purchase of treasury stock	△421,730	—
Total changes of items during the period	△421,730	—
Balance at the end of current period	△421,730	△421,730
Total shareholders' equity		
Balance at the end of previous period	6,575,601	6,054,620
Changes of items during the period		
Issuance of new shares	1,317	2,051
Dividends from surplus	△502,004	△492,216
Net income	401,435	804,872
Purchase of treasury stock	△421,730	—
Total changes of items during the period	△520,981	314,707
Balance at the end of current period	6,054,620	6,369,328
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	16,374	△68,972
Changes of items during the period		
Net changes of items other than shareholders' equity	△85,347	317,855
Total changes of items during the period	△85,347	317,855
Balance at the end of current period	△68,972	248,883
Total valuation and translation adjustments		
Balance at the end of previous period	16,374	△68,972
Changes of items during the period		
Net changes of items other than shareholders' equity	△85,347	317,855
Total changes of items during the period	△85,347	317,855
Balance at the end of current period	△68,972	248,883
Subscription rights to shares		
Balance at the end of previous period	12,006	35,209
Changes of items during the period		
Net changes of items other than shareholders' equity	23,203	20,454
Total changes of items during the period	23,203	20,454
Balance at the end of current period	35,209	55,664

	Previous Fiscal Period (April 1, 2008 - March 31, 2009)	Current Fiscal Period (April 1, 2009 - March 31, 2010)
Total net assets		
Balance at the end of previous period	6,603,982	6,020,857
Changes of items during the period		
Issuance of new shares	1,317	2,051
Dividends from surplus	△502,004	△492,216
Net income	401,435	804,872
Purchase of treasury stock	△421,730	—
Net changes of items other than shareholders' equity	△62,143	338,310
Total changes of items during the period	<u>△583,125</u>	<u>653,018</u>
Balance at the end of current period	<u>6,020,857</u>	<u>6,673,875</u>

(4) Cash Flows

	(unit: thousands of yen)	
	Previous Fiscal Period (April 1, 2008 - March 31, 2009)	Current Fiscal Period (April 1, 2009 - March 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes	662,383	1,345,717
Depreciation and amortization	85,389	65,330
Share-based compensation expenses	23,203	20,454
Increase (decrease) in provision for bonuses	3,000	3,000
Increase (decrease) in provision for directors' retirement	21,997	11,240
Loss (gain) on valuation of investment securities	456,910	19,522
Interest and dividends income	△39,706	△32,462
Loss (gain) on sales of noncurrent assets	—	582
Loss on retirement of noncurrent assets	—	6,708
Decrease (increase) in notes and accounts receivable-trade	1,314,639	△829,113
Decrease (increase) in inventories	142,558	△66,793
Increase (decrease) in notes and accounts payable-trade	△351,005	129,333
Other, net	△18,212	34,436
Subtotal	2,301,158	707,956
Interest and dividends income received	39,706	30,894
Income taxes paid	△917,234	△107,873
Income taxes refund	—	233,906
Net cash provided by (used in) operating activities	1,423,630	864,884
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	△70,655	△34,378
Purchase of intangible assets	△6,948	△23,855
Purchase of investment securities	△301,949	△523,509
Other, net	△3,739	△13,993
Net cash provided by (used in) investing activities	△383,291	△595,736
Net cash provided by (used in) financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	1,266	2,041
Purchase of treasury stock	△421,730	—
Cash dividends paid	△502,004	△492,216
Net cash provided by (used in) financing activities	△922,467	△490,174
Net increase (decrease) in cash and cash equivalents	117,871	△221,025
Cash and cash equivalents at beginning of period	3,359,927	3,477,799
Cash and cash equivalents at end of period	3,477,799	3,256,773