

## Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2012 (Six Months Ended September 30, 2011)

**[Japanese GAAP]**

Company name: EBARA-UDYLITE CO., LTD.	Listing: Tokyo Stock Exchange, First Section
Stock code: 4975	URL: <a href="http://www.jcu-i.com/">http://www.jcu-i.com/</a>
Representative: Yoshimasa Kasuya, Chairman and CEO	
Contact: Masaaki Kamitani, Senior Managing Director, Senior Managing Executive Officer, and Chief Director, Administration	Tel: +81-3-3833-0322
Scheduled date of filing of Quarterly Report:	November 10, 2011
Scheduled date of payment of dividend:	December 5, 2011
Preparation of supplementary materials for quarterly financial results:	Yes
Holding of quarterly financial results meeting:	Yes (for institutional investors and analysts)

*Note: The original disclosure in Japanese was released on November 7, 2011 at 15:00 (GMT +8).*

*(All amounts are rounded down to the nearest million yen)*

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2011 (Apr. 1, 2011 – Sep. 30, 2011)

#### (1) Consolidated results of operations

*(Percentages represent year-over-year changes)*

	Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2011	5,841	0.6	517	(23.0)	492	(25.4)	276	(13.3)
Six months ended Sep. 30, 2010	5,809	38.6	672	356.1	660	242.1	319	432.4

Note: Comprehensive income (million yen):  
 First six months of FY3/12: 263 (up 12.7%)  
 First six months of FY3/11: 233 (n.a.)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2011	78.48	-
Six months ended Sep. 30, 2010	87.66	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2011	11,320	6,028	53.0
As of Mar. 31, 2011	11,845	5,870	49.3

Reference: Shareholders' equity (million yen): Sep. 30, 2011: 5,994 Mar. 31, 2011: 5,842

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/11	-	27.00	-	30.00	57.00
FY3/12	-	30.00	-	-	-
FY3/12 (forecasts)	-	-	-	30.00	60.00

Note: Revisions to the most recently announced dividend forecast: None

### 3. Consolidated Forecast for the Fiscal Year Ending March 31, 2012 (April 1, 2011 – March 31, 2012)

*(Percentages represent year-over-year changes)*

	Sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	13,240	8.2	1,190	(21.6)	1,150	(22.6)	680	(20.4)	192.78

Note: Revisions to the most recently announced consolidated forecast: None

#### 4. Others

(1) Changes in significant subsidiaries during the period: None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting consolidated quarterly financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and revised restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Revised restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at end of period (including treasury stock):

Sep. 30, 2011:	3,527,400 shares	Mar. 31, 2011:	3,527,400 shares
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2) Number of treasury stock shares at end of period:

Sep. 30, 2011:	119 shares	Mar. 31, 2011:	119 shares
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3) Average number of shares outstanding during the period:

Six months ended Sep. 30, 2011:	3,527,281 shares	Six months ended Sep. 30, 2010:	3,640,863 shares
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#### Note 1: Indication of audit procedure implementation status

This summary report is not subject to the audit procedures based on the Financial Instruments and Exchange Law. At the time when this report is released, the audit procedures for financial statements have not been completed.

#### Note 2: Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ substantially from these forecasts for a number of reasons.

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## 1. Qualitative Information on Consolidated Quarterly Financial Performance

### (1) Qualitative Information Regarding Consolidated Results of Operations

Although the Japanese economy during the first half of the current fiscal year saw a significant plunge due to the aftermath of the Great East Japan Earthquake that occurred on March 11, 2011 and the subsequent nuclear power plant accident, it ended up in showing upward trend as the production rebounded with the parts supply chain gradually restored. However, the economic environment has remained challenging as the exports are dampened by the rapid appreciation of yen and the private consumption shows no signs of improvement. The global economic outlook has also become increasingly uncertain, given the fiscal crisis in Europe, the delay in economic recovery in the US and the credit tightening in China.

Against this backdrop, the Group's product sales during the first half of the current year showed relatively solid performance in the overseas market, mixed with a sharp drop in the domestic market impacted mainly by the earthquake disaster. Consequently, while sales for the period under review amounted to 5,841 million yen (up 0.6% year over year), operating, ordinary and net income amounted to 517 million yen (down 23.0% year over year), 492 million yen (down 25.4% year over year) and 276 million yen (down 13.3% year over year), respectively. The year-over-year decrease in income can be explained primarily by increases in personnel expenses and promotion expenses for the overseas market.

Reportable segment performance was as follows.

#### Chemicals business

The chemicals business segment generated sales of 2,461 million yen (down 11.7% year over year) due to a decrease in sales of the surface treatment chemicals caused by the depressed domestic economy as a result of the earthquake disaster. Consequently, segment profit amounted to 556 million yen (down 28.1% year over year).

#### Overseas business

The overseas business segment experienced a strong sales performance for the copper plating chemicals for PWBs that are the components for smartphones and other multi-function mobile terminals made in China, Taiwan and South Korea. Consequently, segment sales amounted to 2,822 million yen (up 23.0% year over year) with segment profit of 648 million yen (up 16.8% year over year).

#### Machine business

The machine business segment reported segment sales of 467 million yen (down 21.8% year over year) partly due to sluggish domestic capital investment. Consequently, segment loss amounted to 64 million yen (as compared to the year-over-year segment loss of 23 million yen).

#### New businesses

The new businesses segment reported sales of 123 million yen (down 37.9% year over year), which were not sufficient to cover selling, general and administrative expenses incurred in the Sales and R&D departments. As a result, segment loss amounted to 197 million yen (as compared to the year-over-year segment loss of 240 million yen).

### (2) Qualitative Information Regarding Consolidated Financial Position

#### 1) Assets, liabilities and net assets

##### Assets

Total assets at the end of the second quarter of the current fiscal year decreased 525 million yen to 11,320 million yen.

Current assets decreased 559 million yen to 6,504 million yen mainly due to a decrease in cash and deposits.

Fixed assets increased 34 million yen to 4,816 million yen mainly due to the purchasing of investment securities to

strengthen business relationships with the issuers.

### **Liabilities**

Total liabilities at the end of the second quarter decreased 682 million yen to 5,292 million yen.

Current liabilities decreased 497 million yen to 3,363 million yen mainly because accrued income taxes declined due to tax payments.

Long-term liabilities decreased by 184 million yen to 1,928 million yen mainly due to repayments of long-term loans payable.

### **Net assets**

Net assets at the end of the second quarter increased 157 million yen to 6,028 million yen.

## **2) Cash flows**

Cash and cash equivalents at the end of the second quarter decreased 498 million yen over the end of the previous fiscal year to 1,643 million yen.

### **Cash flows from operating activities**

Net cash provided by operating activities amounted to 283 million yen (up 94.1% year over year) due to an increase in income taxes paid and a decrease in trade receivables

### **Cash flows from investing activities**

Net cash used in investing activities amounted to 430 million yen (up 119.5% year over year). Payments for the acquisition of investment securities and property, plant and equipment increased.

### **Cash flows from financing activities**

Net cash used in financing activities amounted to 353 million yen (compared with 205 million yen provided in the same period of the previous fiscal year). There was a decrease in proceeds from long-term loans payable.

## **(3) Qualitative Information Regarding Consolidated Forecast**

There are no revisions to the consolidated forecast for the current fiscal year disclosed in Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2012 dated August 5, 2011.

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ substantially from these forecasts for a number of reasons.

## **2. Matters Related to Summary Information (Others)**

### **(1) Changes in Significant Subsidiaries during the Period**

Not applicable.

### **(2) Application of Special Accounting Methods for Presenting Consolidated Quarterly Financial Statements**

Not applicable.

### **(3) Changes in Accounting Policies and Accounting-based Estimates, and Revised Restatements**

Not applicable.

**3. Consolidated Quarterly Financial Statements****(1) Consolidated Balance Sheets**

	(Thousands of yen)	
	FY3/11 (As of Mar. 31, 2011)	Second quarter of FY3/12 (As of Sep. 30, 2011)
Assets		
Current assets		
Cash and deposits	2,498,558	2,035,126
Notes and accounts receivable-trade	3,178,243	3,064,063
Merchandise and finished goods	543,092	562,084
Work in process	90,506	113,962
Raw materials and supplies	296,399	275,174
Deferred tax assets-current	232,268	213,733
Other current assets	245,291	264,581
Allowance for doubtful accounts	(20,769)	(24,346)
Total current assets	7,063,591	6,504,379
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	1,741,467	1,698,899
Machinery, equipment and vehicles, net	261,469	298,970
Tools, furniture and fixtures, net	232,124	227,897
Land	522,824	522,824
Lease assets, net	152,201	144,798
Construction in progress	17,154	13,727
Total property, plant and equipment	2,927,241	2,907,117
Intangible fixed assets		
Goodwill	296,225	257,876
Other intangible fixed assets	55,436	49,017
Total intangible fixed assets	351,661	306,893
Investments and other assets		
Investment securities	816,805	867,546
Deferred tax assets-non-current	239,686	241,830
Other investments	485,563	533,429
Allowance for doubtful accounts	(38,559)	(40,327)
Total investments and other assets	1,503,496	1,602,478
Total fixed assets	4,782,399	4,816,489
Total assets	11,845,990	11,320,869

	(Thousands of yen)	
	FY3/11 (As of Mar. 31, 2011)	Second quarter of FY3/12 (As of Sep. 30, 2011)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,887,095	1,787,489
Short-term loans payable	99,409	87,587
Current portion of long-term loans payable	747,972	717,972
Lease obligations-current	13,480	12,096
Accrued income taxes	355,773	75,487
Reserve for bonuses	253,931	256,091
Advances received	14,633	123,897
Deferred tax liabilities	1,094	3,748
Other current liabilities	488,254	299,320
<b>Total current liabilities</b>	<b>3,861,644</b>	<b>3,363,691</b>
<b>Long-term liabilities</b>		
Long-term loans payable	1,136,374	942,388
Lease obligations-non-current	165,322	160,026
Reserve for retirement benefits	557,434	579,060
Asset retirement obligations	161,568	163,345
Other long-term liabilities	92,826	83,953
<b>Total long-term liabilities</b>	<b>2,113,526</b>	<b>1,928,773</b>
<b>Total liabilities</b>	<b>5,975,171</b>	<b>5,292,464</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,176,255	1,176,255
Capital surplus	1,128,904	1,128,904
Retained earnings	3,997,241	4,168,238
Treasury stock	(191)	(191)
<b>Total shareholders' equity</b>	<b>6,302,208</b>	<b>6,473,206</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(81,381)	(135,814)
Foreign currency translation adjustments	(378,311)	(342,426)
<b>Total accumulated other comprehensive income</b>	<b>(459,692)</b>	<b>(478,241)</b>
<b>Minority interests</b>	<b>28,303</b>	<b>33,439</b>
<b>Total net assets</b>	<b>5,870,819</b>	<b>6,028,404</b>
<b>Total liabilities and net assets</b>	<b>11,845,990</b>	<b>11,320,869</b>

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income****Consolidated Statements of Income****(For the Six-month Period)**

(Thousands of yen)

	First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)	First six months of FY3/12 (Apr. 1, 2011 – Sep. 30, 2011)
Sales	5,809,424	5,841,932
Cost of sales	2,849,550	2,965,414
Gross profit on sales	2,959,873	2,876,518
Selling, general and administrative expenses		
Salaries and wages	687,586	719,874
Bonuses	212,309	226,078
Retirement benefit expenses	50,859	53,699
Depreciation expense	127,071	115,993
Provision of allowance for doubtful accounts	26,149	4,831
Other expenses	1,183,494	1,238,125
Total selling, general and administrative expenses	2,287,470	2,358,602
Operating income	672,402	517,916
Non-operating income		
Interest income	4,704	6,367
Dividend income	9,611	9,343
Subsidy income	-	5,304
Insurance income	20,036	1,040
Other non-operating income	6,269	1,666
Total non-operating income	40,621	23,722
Non-operating expenses		
Interest expenses	23,238	19,180
Foreign exchange loss	26,475	16,331
Equity in losses of affiliates	47	12,162
Other non-operating expenses	2,891	1,162
Total non-operating expenses	52,653	48,836
Ordinary income	660,371	492,801
Extraordinary gains		
Gain on sales of fixed assets	1,461	2,037
Gain on sales of investment securities	828	-
Total extraordinary gains	2,290	2,037
Extraordinary losses		
Loss on sales of fixed assets	2,744	659
Loss on removal of fixed assets	7,089	422
Loss on sales of investment securities	-	11,914
Loss on valuation of investment securities	59,447	-
Impairment losses	18,641	-
Loss on application of ARO accounting standard	43,307	-
Head office transfer cost	-	22,559
Total extraordinary losses	131,231	35,555
Income before income taxes and minority interests	531,430	459,283
Income taxes-current	244,358	121,767
Income taxes-deferred	(37,268)	56,531
Total income taxes	207,090	178,299
Income before minority interests	324,339	280,984
Minority interests in income	5,170	4,168
Net income	319,169	276,815

**Consolidated Statements of Comprehensive Income**  
**(For the Six-month Period)**

	(Thousands of yen)	
	First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)	First six months of FY3/12 (Apr. 1, 2011 – Sep. 30, 2011)
Income before minority interests	324,339	280,984
Other comprehensive income		
Valuation difference on available-for-sale securities	(25,267)	(54,432)
Foreign currency translation adjustments	(65,101)	34,594
Share of other comprehensive income of associates accounted for using equity method	(253)	2,258
Total other comprehensive income	(90,623)	(17,580)
Comprehensive income	233,716	263,403
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	229,452	258,267
Comprehensive income attributable to minority interests	4,263	5,136

**(3) Consolidated Statements of Cash Flows**

(Thousands of yen)

	First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)	First six months of FY3/12 (Apr. 1, 2011 – Sep. 30, 2011)
Cash flows from operating activities		
Income before income taxes and minority interests	531,430	459,283
Depreciation expense	174,832	178,557
Impairment losses	18,641	-
Amortization of goodwill	38,348	38,348
Increase (decrease) in allowance for doubtful accounts	25,305	4,831
Increase (decrease) in reserve for bonuses	46,888	2,226
Increase (decrease) in reserve for retirement benefits	21,203	21,315
Interest and dividend income	(14,316)	(15,711)
Interest expenses	23,238	19,180
Foreign exchange loss (gain)	7,051	15,615
Equity in losses (earnings) of affiliates	47	12,162
Loss (gain) on sales of fixed assets	1,282	(1,377)
Loss on removal of fixed assets	7,089	422
Loss (gain) on sales of investment securities	(828)	11,914
Loss (gain) on valuation of investment securities	59,447	-
Loss on application of ARO accounting standard	43,307	-
Head office transfer cost	-	22,559
Decrease (increase) in trade receivables	(623,261)	132,624
Increase (decrease) in advances received	119,916	109,634
Decrease (increase) in inventories	38,718	(12,933)
Increase (decrease) in trade payables	(149,169)	(135,774)
Decrease (increase) in advance payments	(14,400)	4,657
Other	(55,255)	(180,333)
Subtotal	299,518	687,201
Interests and dividends received	14,208	15,994
Interests paid	(23,790)	(19,160)
Income taxes paid	(143,649)	(400,124)
Net cash provided by operating activities	146,287	283,910
Cash flows from investing activities		
Decrease (increase) in time deposits	(23,730)	(24,736)
Payment for acquisition of property, plant and equipment	(55,503)	(136,455)
Proceeds from sales of property, plant and equipment	209	2,037
Payment for acquisition of intangible fixed assets	(12,376)	(10,502)
Payment for acquisition of investment securities	(84,376)	(209,599)
Proceeds from sales of investment securities	6,365	21,244
Purchase of golf club memberships	(28,171)	-
Other	1,313	(72,766)
Net cash used in investing activities	(196,268)	(430,778)

	(Thousands of yen)	
	First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)	First six months of FY3/12 (Apr. 1, 2011 – Sep. 30, 2011)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(382,638)	(13,922)
Proceeds from long-term loans payable	1,000,000	150,000
Repayment of long-term loans payable	(307,330)	(373,986)
Repayment of finance lease obligations	(7,308)	(10,041)
Cash dividends paid	(97,614)	(105,531)
Net cash provided by (used in) financing activities	205,109	(353,481)
Effect of exchange rate changes on cash and cash equivalents	(17,634)	1,675
Increase (decrease) in cash and cash equivalents	137,493	(498,673)
Cash and cash equivalents at beginning of period	1,808,164	2,142,011
Cash and cash equivalents at end of period	1,945,657	1,643,338

**(4) Going Concern Assumption**

Not applicable.

**(5) Segment Information**

Segment information

I First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)

1. Information related to sales and profit or losses for each reportable segment

(Thousands of yen)

	Reportable segment					Adjustments *1	Amounts shown on consolidated statements of income *2
	Chemicals business	Overseas business	Machine business	New businesses	Total		
Sales							
Sales to outside customers	2,787,395	2,265,615	556,887	199,525	5,809,424	-	5,809,424
Inter-segment sales and transfers	420	29,509	41,630	-	71,560	(71,560)	-
Total	2,787,815	2,295,125	598,518	199,525	5,880,984	(71,560)	5,809,424
Segment profit (loss)	773,398	554,732	(23,373)	(240,960)	1,063,796	(391,393)	672,402

Notes: 1. The negative adjustment of 391,393 thousand yen to segment profit includes inter-segment transaction elimination of 75 thousand yen and corporate expenses of -391,469 thousand yen. Corporate expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit (loss) is adjusted to be consistent with operating income shown on the consolidated statements of income.

2. Information related to impairment losses on fixed assets or goodwill, etc. for each reportable segment

Significant impairment losses related to fixed assets

(Thousands of yen)

	Reportable segment					Adjustments	Amounts shown on consolidated statements of income
	Chemicals business	Overseas business	Machine business	New businesses	Total		
Impairment losses	11,319	7,322	-	-	18,641	-	18,641

These impairment losses were recognized because the Company decided to remove the surface treatment chemical production equipment at the Fujisawa Plant earlier than was originally planned.

Significant change in goodwill

Not applicable.

Significant gain on negative goodwill

Not applicable.

## II First six months of FY3/12 (Apr. 1, 2011 – Sep. 30, 2011)

## 1. Information related to sales and profit or losses for each reportable segment

(Thousands of yen)

	Reportable segment					Adjustments *1	Amounts shown on consolidated statements of income *2
	Chemicals business	Overseas business	Machine business	New businesses	Total		
Sales							
Sales to outside customers	2,461,974	2,793,961	461,997	123,999	5,841,932	-	5,841,932
Inter-segment sales and transfers	-	28,394	5,897	-	34,291	(34,291)	-
Total	2,461,974	2,822,356	467,894	123,999	5,876,224	(34,291)	5,841,932
Segment profit (loss)	556,281	648,129	(64,321)	(197,166)	942,922	(425,006)	517,916

Notes: 1. The negative adjustment of 425,006 thousand yen to segment profit includes inter-segment transaction elimination of 428 thousand yen and corporate expenses of -425,435 thousand yen. Corporate expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit (loss) is adjusted to be consistent with operating income shown on the consolidated statements of income.

## 2. Information related to impairment losses on fixed assets or goodwill, etc. for each reportable segment

(Thousands of yen)

	Reportable segment					Adjustments	Amounts shown on consolidated statements of income
	Chemicals business	Overseas business	Machine business	New businesses	Total		
Impairment losses	-	-	-	-	-	11,828	11,828

The adjustments of 11,828 thousand yen to impairment losses are posted in association with the moving of the head office that is scheduled in November 2011.

## Significant change in goodwill

Not applicable.

## Significant gain on negative goodwill

Not applicable.

**(6) Significant Changes in Shareholders' Equity**

Detailed description is omitted because there has been no significant change in shareholders' equity from the end of the previous fiscal year.

*\* This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*