

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2012 (Japanese GAAP)

October 31, 2011

Stock Exchange Listing: TSE - First Section

Company Name: MEC COMPANY LTD.
 Stock Code No.: 4971
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Scheduled date submission of a quarterly report November 14, 2011
 Commencement Date of Dividend Payment (Scheduled) December 6, 2011
 Creation of reference materials supplementary to the quarterly results Yes
 Holding of briefing sessions regarding the quarterly results: Yes (For investors)

(Amounts less than one million yen have been disregarded)

1. Consolidated financial results for the second quarter of the fiscal year ending March 31, 2012 (April 1, 2011 -September 30, 2011)

(1) Consolidated financial results (Cumulative total)

Note: Percentages indicate year-on-year changes.

	Net sales		Operating income		Ordinary income		Net income	
	¥ Million	Change (%)	¥ Million	Change (%)	¥ Million	Change (%)	¥ Million	Change (%)
Six months ended September 30, 2011	3,296	-7.7	474	-11.3	414	-11.1	-19	-105.7
Six months ended September 30, 2010	3,569	30.2	535	105.3	466	78.6	340	48.7

(Note) Comprehensive income: September 30, 2011: -24 million yen (—%)
 September 30, 2010: 150 million yen (—%)

	Net income per share	Diluted net income per share
Six months ended September 30, 2011	¥ -0.97	—
Six months ended September 30, 2010	16.96	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	¥
September 30, 2011	10,073	7,871	78.1	392.19
March 31, 2011	10,521	8,176	77.7	407.40

(Note) Shareholders' equity: September 30, 2011: 7,871 million yen
 March 31, 2011: 8,176 million yen

2. Dividends

	Annual dividend				
	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2011	—	4.00	—	14.00	18.00
Year ending March 31, 2012	—	4.00	—	—	—
Year ending March 31, 2012 (Estimated)	—	—	—	4.00	8.00

(Note) Revision of recently announced dividends forecast: None

3. Consolidated Financial Forecast for the Year Ending March 31, 2012 (April 1, 2011 - March 31, 2012)

Note: Percentages indicate changes from previous year for full-year figures.

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ Million	Change (%)	¥ Million	change (%)	¥ Millions	Change (%)	¥ Million	Change (%)	¥
Year ending March 31, 2012	6,650	-5.7	868	-5.5	823	-6.2	301	121.3	15.01

(Note) Revision of recently announced dividends forecast: None

4. Other

- (1) Changes in important subsidiaries during this quarter (changes to specified subsidiaries accompanying changes in the scope of consolidation during the quarter): None

Newly consolidated companies — (Company name)

Excluded companies — (Company name)

- (2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, please see "Application of accounting treatment specific to the preparation of quarterly consolidated financial statements" on page 3 of the attached materials.

- (3) Changes of principles, procedures, presentation methods, etc., in accounting procedures

[1] Changes in association with a revision of accounting standards, etc.: No

[2] Changes other than those in [1]: No

[3] Changes in accounting estimates: No

[4] Restatements: No

- (4) Number of outstanding shares (Common shares)

[1] Number of outstanding shares at end of term (including treasury stock)

2Q of the year ending March 2012	20,071,093 shares	Year ended March 2011	20,071,093 shares
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[2] Number of treasury stock at end of term

2Q of the year ending March 2012	34 shares	Year ended March 2011	— shares
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[3] Average number of shares during term (Quarterly consolidated year to date)

2Q of the year ending March 2012	20,071,074 shares	2Q of the year ended March 2011	20,071,186 shares
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* Presentation of implementation status of procedures for the quarterly review

These Consolidated Financial Results for the First Quarter are outside the scope of procedures for quarterly review covered by the Financial Instruments and Exchange Act. Thus, at the time of announcing these Consolidated Financial Results for the First Quarter, we have yet to complete the procedures for quarterly review covered by the Financial Instruments and Exchange Act.

* Explanation of appropriate use of earnings forecasts and other points of note.

Earnings forecasts have been created based on the available information as of the date of announcing this material. Actual results may differ from the forecast figures for a variety of reasons. For details of the earnings forecasts, refer to "Qualitative Information on Consolidated Financial Forecasts" on page 2.

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1. Qualitative information regarding results for this quarter

(1) Qualitative information pertaining to consolidated operating results

In the world economy in the consolidated six months under review, owing to factors such as financial and fiscal issues in the U.S. and the euro area, as ever it has proved hard to dispel uncertainty about the future.

In Japan also, there has been a very uncertain future due to factors like the Great East Japan Earthquake, global economic downturn and sharply higher yen.

Under these circumstances, the electronics industry saw steady sales of devices such as smartphones and tablet PCs. However, there have been difficult sales conditions for products such as flat-screen TVs and PCs, and overall no strong demand was observed.

The electronic circuit board industry, including high-density electronic boards, has generally entered a slump. As with the electronics industry, overall we have yet to see a clear recovery trend.

Under such circumstances, the Company's Group has poured its efforts into selling and offering technical support for chemicals for high-density electronic substrates to be sold in overseas markets, mainly Asia.

As a result, total consolidated sales for the first and second quarters amounted to 3,296 million yen (down 7.7% year-on-year). Consolidated operating profit was 474 million yen (a decrease of 11.3% compared with same period of the previous year), consolidated ordinary profit was 414 million yen (a decrease of 11.1% year on year), and consolidated net loss for the current period was 19 million yen (compared with a consolidated net income of 340 million yen in the same period of the previous year).

(2) Qualitative information on consolidated financial position

Assets, liabilities and net assets

There was a decrease in notes and accounts receivable caused by lower sales in Japan and a decrease in investment securities caused by the stock market decline. Thus, assets came to 10,073 million yen, down 447 million yen compared with the previous fiscal year.

Looking at liabilities, there was a decrease in accounts payable and notes payable as a result of lower purchases in Japan, and a decrease in other items caused by a decrease in notes payable-equipment. Thus, liabilities came to 2,202 million yen, down 142 million yen compared with the previous fiscal year.

In terms of net assets, there was a fall in retained earnings owing to the posting of a quarterly net loss and the payment of dividends. Consequently, net assets came to 7,871 million yen, down 305 million yen compared with the previous fiscal year.

As a result of the above, the equity ratio reached 78.1%.

(3) Qualitative information on consolidated earnings forecasts

There is no change to the details announced on June 29, 2011.

2. Matters concerning summary information (other)

(1) Changes in important subsidiaries during this quarter

N/A

(2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements

For tax expenses, the Company has adopted the method of reasonably estimating the effective tax rate after the application of tax effect accounting to net income before income taxes for the consolidated accounting year and multiplying quarterly net income before income taxes by this estimated effective tax rate. However, in cases where the result of calculating using this effective tax rate lacks reasonableness in a striking manner, the Company bases calculations on the legal tax rate.

With this in mind, the value of income taxes deferred is included under income taxes.

3. Consolidated Quarterly Financial Statements
(1) Balance sheet

	(Unit: Thousands of yen)	
	As of March 31, 2011	As of September 30, 2011
ASSETS		
Current assets:		
Cash and deposits	2,873,862	2,808,135
Notes and accounts receivable-trade	1,907,656	1,667,706
Merchandise and finished goods	218,376	174,543
Work in process	50,034	44,874
Raw materials and supplies	194,961	201,334
Deferred tax assets	114,406	85,474
Other	43,046	61,011
Allowance for doubtful accounts	(18,656)	(7,055)
Total current assets	5,383,688	5,036,025
Non-current assets:		
Property, plant and equipment		
Buildings and structures	2,728,359	2,753,852
Accumulated depreciation	(1,475,620)	(1,534,435)
Buildings and structures, net	1,252,738	1,219,417
Machinery, equipment and vehicles	1,437,268	1,474,345
Accumulated depreciation	(1,119,322)	(1,144,070)
Machinery, equipment and vehicles, net	317,946	330,275
Tools, furniture and fixtures	559,316	571,952
Accumulated depreciation	(433,130)	(455,890)
Tools, furniture and fixtures, net	126,185	116,062
Land	2,815,259	2,819,998
Construction in progress	49,618	104,595
Total property, plant and equipment	4,561,748	4,590,348
Intangible assets	37,433	42,977
Investments and other assets		
Investment securities	422,246	300,827
Other	120,214	107,983
Allowance for doubtful accounts	(3,918)	(4,273)
Total investments and other assets	538,543	404,536
Total non-current assets	5,137,724	5,037,862
Total assets	10,521,412	10,073,887

	(Unit: Thousands of yen)	
	As of March 31, 2011	As of September 30, 2011
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	583,172	483,827
Short-term loans payable	480,000	480,000
Accounts payable-other	204,098	218,721
Accrued expenses	44,037	39,854
Income taxes payable	122,070	170,750
Provision for bonuses	151,000	169,295
Other	186,374	86,948
Total current liabilities	1,770,753	1,649,396
Noncurrent liabilities:		
Deferred tax liabilities	368,707	328,234
Provision for retirement benefits	99,137	113,642
Other	105,904	110,863
Total non-current liabilities	573,749	552,740
Total liabilities	2,344,502	2,202,137
NET ASSETS		
Shareholders' equity:		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	7,780,948	7,480,489
Treasury stock	-	(12)
Total shareholders' equity	8,821,449	8,520,977
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	70,517	15,729
Foreign currency translation adjustment	(715,057)	(664,957)
Total valuation and translation adjustment	(644,539)	(649,227)
Total net assets	8,176,910	7,871,750
Total liabilities and net assets	10,521,412	10,073,887

(2) Quarterly consolidated statement of income and quarterly consolidated statements of comprehensive income
Statement of income

	(Unit: Thousands of yen)	
	Six months ended September 30, 2010 〔 From April 1, 2010 To September 30, 2010 〕	Six months ended September 30, 2011 〔 From April 1, 2011 To September 30, 2011 〕
Net sales	3,569,195	3,296,021
Costs of sales	1,493,648	1,320,394
Gross profit	2,075,546	1,975,627
Selling, general and administrative expenses	1,539,860	1,500,668
Operating income	535,686	474,958
Nonoperating income		
Interest income	6,849	8,052
Dividends income	4,419	5,457
Profit share allocation	5,218	-
Other	5,728	7,752
Total nonoperating income	22,215	21,262
Nonoperating expenses		
Interest expenses	2,626	2,237
Loss on valuation of investment securities	66,205	35,481
Foreign exchange losses	16,756	40,289
Other	5,950	3,469
Total Nonoperating expenses	91,539	81,478
Ordinary income	466,363	414,743
Total extraordinary income		
Gain on sales of noncurrent assets	1,407	1,507
Surrender value of insurance	1,549	2,744
Total extraordinary income	2,957	4,252
Extraordinary loss		
Loss on sales of noncurrent assets	1,965	101
Loss on retirement of noncurrent assets	2,829	3,862
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,572	-
Total extraordinary loss	7,368	3,963
Income before income taxes	461,952	415,031
Total income taxes	121,505	190,082
Income taxes-crrrection	-	244,412
Income (loss) before minority interests	340,447	(19,464)
Net income (loss)	340,447	(19,464)

(Statements of comprehensive income)

(Unit: Thousands of yen)

	Six months ended September 30, 2010 From April 1, 2010 To September 30, 2010	Six months ended September 30, 2011 From April 1, 2011 To September 30, 2011
Income (loss) before minority intersts	340,447	(19,464)
Other comprehensive income		
Valuation defference on available for sales securities	(23,447)	(54,787)
Foreign currency translation adjustment	(166,334)	50,100
Other comprehensive income	(189,782)	(4,687)
Comprehensive income	150,665	(24,151)
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of the parent	150,665	(24,151)
Comprehensive income attributable to minority interests	-	-

- (3) Notes on the premise of a going concern
N/A
- (4) Notes on marked changes in the amount of shareholders' equity
N/A