



Consolidated Financial Results for the Third Quarter Ended December 31, 2011 (Japanese GAAP)

January 31, 2012
Stock exchange listing: TSE - First section

Company name : MEC COMPANY LTD.
Securities code : 4971
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Schedule date to submit securities report : February 13, 2012

Schedule date to begin dividend payment : —

Creation of reference materials supplementary to the quarterly results : Yes

Holding of briefing sessions regarding the quarterly results : Yes (for investors)

(Amounts less than 1 million yen have been discarded)

1. Consolidated financial results for the third quarter ended December 31, 2011 (April 1, 2011 – December 31, 2011)

(1) Consolidated operating results (year to date) (Note: Percentages indicate changes from previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
Third quarter ended December 31, 2011	4,837	-9.6	712	-10.7	775	-0.4	263	-52.5
Third quarter ended December 31, 2010	5,350	22.6	797	51.2	778	45.6	554	20.2

Note: Comprehensive income Third quarter ended December 31, 2011 -106 million yen (—%)
Third quarter ended December 31, 2010 279 million yen (—%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Third quarter ended December 31, 2011	13.15		-	
Third quarter ended December 31, 2010	27.65		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	¥ Million		¥ Million		%		Yen	
December 31, 2011	9,834		7,709		78.4		384.11	
March 31, 2011	10,521		8,176		77.7		407.40	

Note: Shareholders' equity December 31, 2011 7,709 million yen March 31, 2011 8,176 million yen

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen				
FY2011	-	4.00	-	14.00	18.00
FY2012	-	4.00	-	-	-
FY2012 (forecast)	-	-	-	4.00	8.00

Note: Revision to most recently announced dividend forecast: None

3. Consolidated Business Forecasts for the year ending March 31, 2012 (April 1, 2011 - March 31, 2012)

(Note: Percentages indicate changes from previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen	
Full year	6,650	-5.7	868	-5.5	823	-6.2	301	121.3	15.01	

Note: Revision to most recently announced dividend forecast: None

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1. Qualitative information regarding consolidated results for this quarter

(1) Qualitative information on consolidated operating results

In the world economy in the third quarter consolidated results under review, owing to factors such as a stagnant global economy caused by the financial and fiscal issues in the euro area and the Thai floods, as ever it has proved hard to dispel uncertainty about the future.

In Japan also, although there were signs of a recovery from the Great East Japan Earthquake, the global economic downturn and sharply higher yen mean that there is still a very uncertain future.

Under these circumstances, the electronics industry saw steady sales of devices such as smart-phones 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. In addition, companies in Japan continued shifting their production to places like China and Southeast Asia and the hollowing out of industry in Japan continued.

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 China and Southeast Asia.

As a result, total consolidated sales for the third quarter amounted to 4,837 million yen (down 9.6% year-on-year). Consolidated operating profit was 712 million yen, a decrease of 10.7% compared with the previous year, consolidated ordinary profit was 775 million yen, a decrease of 0.4% compared with the previous year, and consolidated net income for the current period was 263 million yen, a decrease of 52.5% compared with the previous year.

(2) Qualitative information on consolidated financial position

Assets, Liabilities and Net Assets

As a result of paying dividends and tax in Japan, the amount of cash on hand and in banks fell, and so there was a decrease in notes and accounts receivable. Assets came to 686 million yen, down 9,834 million yen compared with the previous fiscal year.

There was a decrease in notes payable and accounts payable because of fewer purchases. As a result, liabilities came to 2,125 million yen, down 219 million yen compared with the previous fiscal year.

In terms of net assets, there was a decrease in retained earnings due to the payment of dividends. Consequently, net assets came to 7,709 million yen, down 467 million yen compared with the previous fiscal year.

As a result of the above, the equity ratio reached 78.4%.

(3) Qualitative information on consolidated earnings forecasts

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

Risk information regarding forecasts

Forecasts are based on currently available information and certain assumptions that the Company deems reasonable at this time; actual results may differ materially from the forecasts for a variety of reasons.

Such reasons include but are not limited to the following. Risks, uncertainties and other factors are also described in the Company's financial report, so please see that for details.

- Rapid changes in the economic state of the global and Japanese markets and rapid changes in demand for products and services
- Demand from industry
- Shortage of raw materials supply or rises in their prices
- Changes in social infrastructure due to rapid technological change
- Rapid changes in exchange rates
- Developments in businesses that the Company Group is involved in, in collaboration with other companies
- Possibility of incurring expenses resulting from any defects with our products and services
- Changes in market value of assets such as land held and investment securities, changes in valuation of deferred tax assets, or other changes in accounting policies
- Occurrence of natural disasters such as floods or earthquakes, or other factors that could cause potential disruption to other business activities
- Factors that potentially could have adverse consequences for tax systems such as problems with transfer pricing taxation or increased corporate tax rates.

2. Items concerning summary information (other)

(1) Changes to significant subsidiaries in consolidated results for this quarter

Not applicable.

(2) Application of particular accounting procedures in the creation of consolidated financial statements during this quarter

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 estimated 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 December 31, 2011
ASSETS		
Current assets:		
Cash and deposits	2,873,862	2,621,328
Notes and accounts receivable-trade	1,907,656	1,717,439
Merchandise and finished goods	218,376	190,078
Work in process	50,034	31,504
Raw materials and supplies	194,961	180,649
Deferred tax assets	114,406	78,027
Other	43,046	55,012
Allowance for doubtful accounts	(18,656)	(5,733)
Total current assets	5,383,688	4,868,306
Non-current assets:		
Property, plant and equipment		
Buildings and structures	2,728,359	2,781,158
Accumulated depreciation	(1,475,620)	(1,530,236)
Buildings and structures, net	1,252,738	1,250,922
Machinery, equipment and vehicles	1,437,268	1,550,639
Accumulated depreciation	(1,119,322)	(1,165,506)
Machinery, equipment and vehicles, net	317,946	385,132
Tools, furniture and fixtures	559,316	569,682
Accumulated depreciation	(433,130)	(452,290)
Tools, furniture and fixtures, net	126,185	117,391
Land	2,815,259	2,773,935
Construction in progress	49,618	6,607
Total property, plant and equipment	4,561,748	4,533,989
Intangible assets	37,433	45,099
Investments and other assets		
Investment securities	422,246	276,787
Other	120,214	114,293
Allowance for doubtful accounts	(3,918)	(3,856)
Total investments and other assets	538,543	387,224
Total non-current assets	5,137,724	4,966,314
Total assets	10,521,412	9,834,620

	(Unit: Thousands of yen)	
	As of March 31, 2011	As of December 31, 2011
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	583,172	447,827
Short-term loans payable	480,000	480,000
Accounts payable-other	204,098	194,047
Accrued expenses	44,037	55,138
Income taxes payable	122,070	166,587
Provision for bonuses	151,000	88,837
Reserve for directors' bonuses	—	7,200
Other	186,374	167,566
Total current liabilities	<u>1,770,753</u>	<u>1,607,205</u>
Noncurrent liabilities:		
Deferred tax liabilities	368,707	301,731
Provision for retirement benefits	99,137	111,226
Other	105,904	104,908
Total non-current liabilities	<u>573,749</u>	<u>517,866</u>
Total liabilities	<u>2,344,502</u>	<u>2,125,071</u>
NET ASSETS		
Shareholders' equity:		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	7,780,948	7,683,523
Treasury stock	-	(12)
Total shareholders' equity	<u>8,821,449</u>	<u>8,724,011</u>
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	70,517	2,025
Foreign currency translation adjustment	(715,057)	(1,016,487)
Total valuation and translation adjustment	<u>(644,539)</u>	<u>(1,014,461)</u>
Total net assets	<u>8,176,910</u>	<u>7,709,549</u>
Total liabilities and net assets	<u>10,521,412</u>	<u>9,834,620</u>

(2) Statement of comprehensive income and statements of income
(Statement of income)

	(Unit: Thousands of yen)	
	Nine months ended December 31, 2010 〔 From April 1, 2010 To December 31, 2010 〕	Nine months ended December 31, 2011 〔 From April 1, 2011 To December 31, 2011 〕
Net sales	5,350,042	4,837,839
Costs of sales	2,201,623	1,871,526
Gross profit	3,148,418	2,966,312
Selling, general and administrative expenses	2,350,742	2,253,615
Operating income	797,676	712,696
Nonoperating income		
Interest income	11,001	13,204
Dividends income	7,881	8,838
Gain on sales of investment securities	18,149	-
Foreign exchange gains	6,507	77,137
Other	13,672	10,162
Total nonoperating income	57,211	109,342
Nonoperating expenses		
Interest expenses	3,546	3,122
Loss on valuation of investment securities	64,832	38,808
Other	8,209	5,006
Total Nonoperating expenses	76,589	46,937
Ordinary income	778,298	775,102
Total extraordinary income		
Gain on sales of noncurrent assets	1,511	1,483
Surrender value of insurance	1,549	2,744
Total extraordinary income	3,061	4,228
Extraordinary loss		
Loss on sales of noncurrent assets	1,944	269
Loss on retirement of noncurrent assets	7,334	4,107
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,570	-
Total extraordinary loss	11,849	4,377
Income before income taxes	769,510	774,953
Total income taxes	214,542	266,686
Income taxes-crrrection	-	244,412
Income (loss) before minority interests	554,968	263,853
Net income (loss)	554,968	263,853

(Statements of comprehensive income)

(Unit: Thousands of yen)

	Nine months ended December 31, 2010 (From April 1, 2010 To December 31, 2010)	Nine months ended December 31, 2011 (From April 1, 2011 To December 31, 2011)
Income before minority interests	554,968	263,853
Other comprehensive income		
Valuation defference on available for sales securities	(1,202)	(68,492)
Foreign currency translation adjustment	(274,340)	(301,429)
Other comprehensive income	(275,543)	(369,922)
Comprehensive income	279,425	(106,068)
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of the parent	279,425	(106,068)
Comprehensive income attributable to minority interests	-	-

- (3) Notes on the premise of a going concern
Not applicable.
- (4) Notes on marked changes in the amount of shareholders' equity
Not applicable.