

Consolidated Financial Results for the First Quarter Ended June 30, 2008

July 31, 2008

Company Name: MEC COMPANY LTD.
 Stock Exchange Listing: Tokyo Stock Exchange - 1st Section
 Osaka Stock Exchange - Hercules
 Securities Code : 4971
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(Amount less than one million yen has been disregarded)

1 . Consolidated Financial Results for the First Quarter Ended June 30, 2008 (From April 1, 2008 to June 30, 2008)

(1) Consolidated Financial Results

Note: Percentages indicate changes from previous year.

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of yen	Change (%)	Millions of yen	Change (%)	Millions of yen	Change (%)	Millions of yen	Change (%)
Three months ended June 30, 2008	2,217	-	521	-	544	-	431	-
Three months ended June 30, 2007	2,097	8.2	484	(3.0)	504	3.2	353	6.4

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended June 30, 2008	21.17		-	
Three months ended June 30, 2007	17.34		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
June 30, 2008	11,687	8,718	74.6	427.97
March 31, 2008	11,578	8,746	75.5	429.34

(Note) Shareholders' equity : June 30, 2008 8,718 million yen March 31, 2008 8,746 million yen

2 . Dividends

(Record date)	Dividends per share				
	June 30	Sept.30	Dec.31	Year-end	Annual
Year ended March 31, 2008	-	6.00	-	10.00	16.00
Year ending March 31, 2009	-	-	-	-	-
Year ending March 31, 2009 (forecast)	-	8.00	-	8.00	16.00

(Note) . Revise of dividends forecast : None

3 . Consolidated Financial Forecast for the Year Ending March 31, 2009 (From April 1, 2008 to March 31, 2009)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	Change (%)	Millions of yen	change (%)	Millions of yen	Change (%)	Millions of yen	Change (%)	yen
Six months ending September 30, 2008	4,610	-	911	-	900	-	684	-	33.58
Year ending March 31, 2009	9,323	2.3	2,110	0.3	2,085	1.3	1,495	4.8	73.41

(Note) Revise of consolidated forecast : None

4 . Other

- (1) Changes in important subsidiaries during this term (changes of specified subsidiaries entailing changes in the scope of consolidation) : None
- (2) Application of concise accounting procedures or particular accounting procedures in the creation of consolidated financial statements during this quarter : Yes

Note: For details, see "4. Others", p.4 "Qualitative Information, Financial Statements, etc"

- (3) Changes of principles, procedures, presentation methods, etc, in accounting procedures related to the creation of quarterly consolidated financial statements (Items recorded in changes of basic, important matters, etc, for the creation of quarterly consolidated financial statements)

① Changes in association with a revision of accounting standards, etc: Yes

② Changes other than those in ①: No

Note: For details, see "4. Others", p.4"Qualitative Information, Financial Statements, etc"

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

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

Three months ended June 30, 2008 : 20,371,392 shares

Year ended March 31, 2008 : 20,371,392 shares

② Number of treasury stock

Three months ended June 30, 2008 : 33 shares

Year ended March 31,2008 : 33 shares

③ Average number of shares during term (Quarterly consolidated, cumulative period)

Three months ended June 30 ,2008 : 20,371,359 shares

Three months ended June 30, 2007 : 20,371,359 shares

Explanation of appropriate use of earnings forecasts. Other points of note.

- 1 . No revisions have been made to the earnings forecast announced on May 13, 2008. Earnings forecasts are made based on the information available at the time, which includes a number of uncertain elements. Please be aware in advance that as a consequence, actual earnings results may differ significantly from the forecast included in this document.
- 2 . From this consolidated accounting year, the company is applying the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12) and the "Guideline for Application of the Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.14). In addition, the company is creating quarterly consolidated financial statements in accordance with the "Regulations for Quarterly Consolidated Financial Statements".

Qualitative Information, Financial Statements, etc

1 . Consolidated operating results

The sense of uncertainty over future conditions for business heightened in the global economy during the 1st quarter because of factors such as the high level of material prices, including crude oil, global financial instability and share price stagnation due to the US sub-prime problem, and the sluggish tendencies of the US and European economies. The sense of a slowdown of business activity in the Japanese economy strengthened due to factors such as the slow growth of personal income and the high levels of crude oil and material prices.

In the electronic parts industry, although home electronics performed well, including flat screen TVs, digital still-picture cameras, and the arrival of low-cost PCs, etc, there was a slowdown in the industry due to inventory adjustments for mobile phones and memory, etc.

Under such economic conditions, the company group focused on the proactive development of new products and the expansion of sales of chemicals for use in general-purpose electronic substrates.

The company ran 5 new product development projects during the 1st quarter and made 14 patent applications.

Although in terms of sales, there was sluggishness in some existing products, in addition to the growth in sales of the CZ series of super roughening agents for use with high-density substrates, sales of new products for general-purpose multilayer electronic substrates and special electronic substrates also expanded.

As a result, consolidated sales for the 1st quarter finished at ¥2,217 million (increase of 5.7% over the previous term). Sales costs and general and administrative costs were ¥844 million, an increase of 6.6% over the previous term, due to factors including an increase in personnel, technical support in China and the construction of a new factory in Suzhou. As a result, consolidated operating profit finished at ¥521 million, an increase of 7.7% over the previous term, and consolidated ordinary profit was ¥544 million, an increase of 7.9% over the previous term

Tax costs were ¥213 million, an increase of 41.2% over the previous term.

As a result of the above, consolidated current net income was ¥431 million, an increase of 22.1% over the previous term.

2 . Consolidated financial position

Cash and cash equivalents (hereinafter referred to as "funds") during the quarterly consolidated accounting period under review increased ¥161 million in comparison to the previous quarterly consolidated accounting period to ¥2,953 million at the end of the quarterly consolidated accounting period under review.

The situation for each type of cash flow and the factors involved during the quarterly consolidated accounting period under review are as follows.

Net cash provided by (used in) operating activities

Funds obtained as a results of operational activities were ¥566 million (increase of ¥233 million over the previous term). This was due mainly to the situation that although factors including quarterly net income before

taxes and other adjustments of ¥644 million (increase of ¥140 million over the previous term) and an increase of ¥133 million in accounts payable (increase of ¥26 million over the previous term) contributed to an increase in funds, this increase of funds was partly offset by fund-decreasing factors such as the payment of ¥161 million in corporate income taxes, etc (decrease of ¥44 million over the previous term).

Net cash provided by (used in) investment activities

Funds used as a result of investment activities were ¥170 million (decrease of ¥232 million over the previous term). This was due mainly to the situation that although the company made net deposits of ¥307 million in fixed-term deposits (increase of ¥247 million over the previous term), there were also other factors including income of ¥214 million from the cancellation of insurance reserve funds.

Net cash provided by (used in) financial activities

Funds used as a result of financial activities were ¥185 million (increase of ¥22 million over the previous term). This was due mainly to the payment of dividends of ¥185 million (increase of ¥19 million over the previous term).

3 . Concerning the consolidated results forecast

The forecast of consolidated results is as announced on May 13, 2008.

4 . Other

(1) Changes in important subsidiaries during this term (changes of specified subsidiaries entailing changes in the scope of consolidation)

N/A

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

Concise accounting procedures

Because no marked changes been recognized in the management environment, etc, since the end of the previous consolidated accounting year, or in the occurrence of temporary differences, the determination of the collectability of deferred income tax assets will be based on the method of using the future earnings forecast and tax planning used in the settlement of accounts for the previous consolidated accounting year.

Particular accounting procedures used in the creation of consolidated financial statements during this quarter

Tax costs have been calculated by reasonable estimation of the effective tax rate following the application of tax effect accounting on current term net income before taxes and other adjustments for the consolidated accounting year including this 1st quarter consolidated accounting period, and multiplying quarterly net income before taxes and other adjustments by this estimated effective tax rate. Income taxes-deferred are presented including corporate taxes.

(3) Changes of principles, procedures, presentation methods, etc, in accounting procedures related to the

creation of quarterly consolidated financial statements

Changes in association with a revision of accounting standards, etc

1. From this consolidated accounting year, the company is applying the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12) and the "Guideline for Application of the Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.14). In addition, the company is creating quarterly consolidated financial statements in accordance with the "Regulations for Quarterly Consolidated Financial Statements".
2. Inventory assets held for normal sales purposes were formerly mainly calculated using a cost accounting method based on the gross average method. However, in association with the application from this 1st quarter consolidated accounting period of the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, July 5, 2006), such inventories are calculated using a cost accounting method based on the gross average method (book price devaluation based on the decrease in profitability of balance sheet values).
The impact on profit and loss due to this change will be minor.
3. The company is applying the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No.18, May 17, 2006) from this 1st quarter consolidated accounting period and has made the necessary corrections in the consolidated financial settlement of accounts.
The impact on profit and loss due to this change will be minor.

(Additional information)

Previously, the life span of the company's machinery and equipment has been set at periods of 4 to 12 years, but this has been changed to period of 4 to 10 years from this 1st quarter consolidated accounting period. This change is due to the revision of the status of use, etc, of assets, taking the opportunity from the amendment of the corporation tax law.

The impact on profit and loss due to this change will be minor.

5 . Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(unit : 1,000yen)

	As of June 30, 2008	As of March 31, 2007
(Assets)		
Current assets		
Cash and deposits	4,070,100	3,667,056
Notes and accounts receivable-trade	2,602,277	2,654,855
Short-term investment securities	50,000	50,000
Merchandise	18,708	1,489
Finished goods	262,155	243,740
Raw materials	243,135	243,190
Supplies	6,659	7,833
Deferred tax assets	122,595	125,916
Other	72,536	66,793
Allowance for doubtful adccounts	(17,011)	(14,295)
Current assets	7,431,157	7,046,582
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	2,547,918	2,582,617
Accumulated depreciation	(1,260,990)	(1,244,493)
Buildings and structures, net	1,286,928	1,338,124
Machinrery, equipment and vehicles	1,391,510	1,409,265
Accumulated depreciation	(986,457)	(970,203)
Machinery, equipment and vehicles, net	405,053	439,062
Tools, furniture and fixtures	525,410	540,761
Accumulated depreciation	(344,447)	(339,938)
Tools, furniture and fixtures, net	180,963	200,822
Land	1,254,836	1,286,750
Construction in progress	268,863	280,856
Property, plant and equipment	3,396,645	3,545,615
Intangible assets		
Goodwill	19,207	20,872
Other	53,402	57,589
Intangible assets	72,609	78,461
Investments and other assets		
Investment securities	657,672	656,440
Other	138,604	261,277
Allowance for doubtful accounts	(9,672)	(9,672)
Investments and other assets	786,604	908,046
Noncurrent assets	4,255,859	4,532,123
Assets	11,687,016	11,578,706

(unit : 1,000 yen)

	As of June 30, 2008	As of March 31, 2008
(LIABILITIES)		
Current liabilities		
Notes and accounts payable-trade	1,066,567	999,500
Short-term loans payable	480,000	480,000
Accounts payable-other	255,501	332,821
Accrued expenses	245,551	857,778
Income taxes payable	324,034	298,865
Provision for bonuses	66,409	154,752
Provision for directors' bonuses	4,725	-
Other	139,158	99,636
Current liabilities	2,581,948	2,451,345
Noncurrent liabilities		
Deferred tax liabilities	277,072	270,936
Other	109,654	110,256
Noncurrent liabilities	386,726	381,193
Liabilities	2,968,674	2,832,538
(NET ASSETS)		
Shareholders' equity		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	7,731,043	7,503,558
Treasury stock	(47)	(47)
Shareholders' equity	8,771,497	8,544,011
Valuation and translation adjustments		
Valuation difference on available-for-sales securities	92,710	94,013
Foreign currency translation adjustment	(145,865)	108,143
Valuation and translation adjustments	(53,155)	202,156
Net assets	8,718,342	8,746,167
Liabilities and net assets	11,687,016	11,578,706

(2) Consolidated quarterly statements of income

	(unit : 1,000yen)
	Three months ended June 30, 2008 (From April 1, 2008 To June 30, 2008)
Net Sales	2,217,457
Cost of sales	851,832
Gross profit	1,365,625
Selling, general administrative expenses	844,056
Operating income	521,568
Non-operating income	
Interest income	6,392
Dividends income	5,398
Foreign exchange gains	14,597
Rent income on facilities	2,569
Other	1,984
Non-operating income	30,942
Non-operating expenses	
Interest expenses	1,658
Rent expenses on facilities	1,720
Other	4,668
Non-operating expenses	8,047
Ordinary income	544,464
Extraordinary income	
Gain on sale of noncurrent assets	73
Surrender value of insurance	100,909
Extraordinary income	100,982
Extraordinary loss	
Loss on sale of noncurrent assets	51
Loss on retirement of noncurrent assets	416
Extraordinary loss	468
Income before income taxes	644,978
Income taxes	213,779
Net income	431,199

(3) Consolidated quarterly statements of cash flow

(unit : 1,000yen)

	Three months ended June 30, 2008
	From April 1, 2008
	To June 30, 2008
Net cash provided by (used in) operating activities	
Income before income taxes	644,978
Depreciation and amortization	84,669
Increase in allowance for doubtful accounts	3,189
Decrease in provision for bonuses	(88,342)
Increase in provision for directors' bonuses	4,725
Interest and dividends income	(11,790)
Gain on maturity of insurance contract	(100,909)
Interest expenses	1,658
Increase in notes and accounts receivable-trade	(23,073)
Increase in inventories	(63,066)
Increase in notes and accounts payable-trade	133,629
Other,net	133,345
Subtotal	719,012
Interest and dividends income received	10,353
Interest expenses paid	(1,075)
Income taxes paid	(161,485)
Net cash provided by (use in) operating activities	566,805
Net cash provided by (used in) investment activities	
Payments into time deposits	(381,563)
Proceeds from withdrawal of time deposits	74,388
Purchase of property, plant and equipment	(75,887)
Proceeds from sale of property, plant and equipment	1,592
Purchase of investment securities	(3,911)
Proceeds from sales of investment securities	391
Proceeds from cancellation of insurance funds	214,394
Other,net	552
Net cash provided by (used in) investment activities	(170,043)
Net cash provided by (used in) financing activities	
Increase in short-term loans payable	30,000
Decrease in short-term loans payable	(30,000)
Cash dividends paid	(185,990)
Net cash provided by (used in) financing activities	(185,990)
Effect of exchange rate change on cash and cash equivalents	(49,240)
Net increase in cash and cash equivalents	161,529
Initial balance of cash and cash equivalents	2,792,447
Closing balance of cash and cash equivalents	2,953,977

From this consolidated accounting year, the company is applying the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12) and the "Guideline for Application of the Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.14). In addition, the company is creating quarterly consolidated financial statements in accordance with the "Regulations for Quarterly Consolidated Financial Statements"

(4) Notes on premises as a going concern
N/A

(5) Segment information

a. Information by operating segment

Three months ended June 30, 2008 (From April 1, 2008 to June 30, 2008)

The Company is a manufacturer specializing in PCB related products and operates manufacturing and sales of chemicals, machinery, equipment and grinding materials that belong to the same segment.

b. Information by geographical segment

Three months ended June 30, 2008 (From April 1, 2008 to June 30, 2008)

(Unit: 1,000 yen)

	Japan	Asia	Europe	Other	Total	Elimination or corporate	Consolidated
Net Sales							
(1) Outside customers	1,273,146	762,136	182,174	-	2,217,457	-	2,217,457
(2) Inter-segment sales and transfers	366,360	6	-	-	366,367	(366,367)	-
Total	1,639,507	762,143	182,174	-	2,583,824	(366,367)	2,217,457
Operating profit/(loss)	338,551	292,111	22,936	(2)	653,596	(132,027)	521,568

(Notes)

1. Method of classifying geographical segments and countries and regions included in each segment

Method of classifying geographical segments: Classified on the basis of geographical proximity

Countries and regions included in each segment:

Asia: Taiwan, Hong Kong and China

Europe: Belgium

Other: the United States

c. Overseas sales

Three months ended June 30, 2008 (From April 1, 2008 to June 30, 2008)

	Asia	Europe	Other	Total
I Overseas sales (thousands of yen)	795,297	165,931	10,263	971,491
II Consolidated sales (thousands of yen)				2,217,457
III Percentage of overseas sales to consolidated sales (%)	35.9	7.5	0.4	43.8

(Notes)

1. Method of classifying geographical segments and countries and regions included in each segment

Method of classifying geographical segments: Classified on the basis of geographical proximity

Countries and regions included in each segment:

Asia: Taiwan, Hong Kong, China and Singapore

Europe: Austria, Germany and Italy

Other: the United States , Mexico

2. Overseas sales are sales of the Company and its consolidated subsidiaries which were transacted in countries and regions outside of Japan.

(6) Notes in the case of marked changes in shareholder capital
N/A

Reference information
Consolidated quarterly financial statements of the previous year
(1) Consolidated quarterly statements of income

(unit : 1,000yen)

	Three months ended June 30, 2007 (From April 1, 2007) To June 30, 2007)
Net Sales	2,097,601
Cost of sales	821,274
Gross profit	1,276,326
Selling, general administrative expenses	792,099
Operating income	484,227
Non-operating income	26,656
1 Interest income	4,857
2 Dividends income	659
3 Rent income on facilities	3,211
4 Foreign exchange gains	13,255
5 Other	4,672
Non-operating expenses	6,204
1 Interest expenses	1,317
2 Rent expenses on facilities	2,567
3 Other	2,319
Ordinary income	504,679
Extraordinary income	972
1	972
Extraordinary loss	1,092
1 Loss on retirement of noncurrent assets	1,092
Income before income taxes	504,559
Income taxes	151,353
Net income	353,206

(2) Consolidated quarterly statements of cash flow

(unit : 1,000yen)

	Three months ended June 30, 2007 From April 1, 2007 To June 30, 2007
Net cash provided by (used in) operating activities	
Income before income taxes	504,559
Depreciation and amortization	67,258
Decrease in allowance for doubtful accounts	(262)
Increase in provision for bonuses	82,334
Decrease in provision for directors' bonuses	(15,906)
Interest and dividends income	(5,517)
Interest expenses	1,317
Increase in notes and accounts receivable-trade	(205,096)
Increase in inventories	(3,209)
Increase in notes and accounts payable-trade	107,322
Other,net	1,481
Subtotal	534,281
Interest and dividends income received	6,203
Interest expenses paid	(1,389)
Income taxes paid	(206,230)
Net cash provided by (use in) operating activities	332,864
Net cash provided by (used in) investment activities	
Payments into time deposits	(248,393)
Proceeds from withdrawal of time deposits	188,595
Purchase of property, plant and equipment	(205,603)
Purchase of investment securities	(138,968)
Other,net	1,346
Net cash provided by (used in) investment activities	(403,023)
Net cash provided by (used in) financing activities	
Increase in short-term loans payable	30,000
Decrease in short-term loans payable	(30,000)
Cash dividends paid	(166,688)
Other,net	2,400
Net cash provided by (used in) financing activities	(163,688)
Effect of exchange rate change on cash and cash equivalents	(9,934)
Net increase in cash and cash equivalents	(243,781)
Initial balance of cash and cash equivalents	3,033,255
Closing balance of cash and cash equivalents	2,789,474

(3) Segment information

a. Information by operating segment

Three months ended June 30, 2007^{1st} quarter consolidated, cumulative period (From April 1, 2007 to June 30, 2007)

The Company is a manufacturer specializing in PCB related products and operates manufacturing and sales of chemicals, machinery, equipment and grinding materials that belong to the same segment.

b. Information by geographical segment

Three months ended June 30, 2007 Previous 1st quarter consolidated, cumulative period (From April 1, 2007 to June 30, 2007)

(Unit : T1,000hundreds0 of yen)

	Japan	Asia	Europe	Other	Total	Elimination or corporate	Consolidated
Net Sales							
(1) Outside customers	1,237,321	682,286	177,992	-	2,097,601	-	2,097,601
(2) Inter-segment sales and transfers	300,67	342	-	-	301,019	(301,019)	-
Total	1,537,998	682,629	177,992	-	2,398,621	(301,019)	2,097,601
Operating costs	1,215,647	438,282	149,696	2	1,803,628	(190,254)	1,613,374
Operating profit/(loss)	322,351	244,346	28,296	(2)	594,992	(110,765)	484,227

(Notes)

1. Method of classifying geographical segments and countries and regions included in each segment

Method of classifying geographical segments: Classified on the basis of geographical proximity

Countries and regions included in each segment:

Asia: Taiwan, Hong Kong and China

Europe: Belgium

Other: the United States

2. The value within operating costs of eliminated costs or unclassifiable operating costs included in company-wide accounts is ¥145,973,000, mainly for costs attributable to the company's administrative divisions, etc.

c. Overseas sales

Three months ended June 30, 2007 Previous 1st quarter consolidated, cumulative period (From April 1, 2007 to June 30, 2007)

	Asia	Europe	Other	Total
I Overseas sales (thousands of yen)	728,557	157,414	8,273	894,245
II Consolidated sales (thousands of yen)				2,097,601
III Percentage of overseas sales to consolidated sales (%)	34.7	7.5	0.4	42.6

(Notes)

1. Method of classifying geographical segments and countries and regions included in each segment

Method of classifying geographical segments: Classified on the basis of geographical proximity

Countries and regions included in each segment:

Asia: Taiwan, Hong Kong, China and Singapore

Europe: Austria, Germany and Italy

Other: the United States

2. Overseas sales are sales of the Company and its consolidated subsidiaries which were transacted in countries and regions outside of Japan.