

## Consolidated Financial Results for the Second Quarter Ended September 30, 2008

October 31, 2008

Company Name: MEC COMPANY LTD.  
 Stock Exchange Listing: Tokyo Stock Exchange - 1<sup>st</sup> Section  
 Osaka Stock Exchange - Hercules  
 Securities Code : 4971  
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 Scheduled date to submit securities report: November 14, 2008  
 Scheduled date to begin dividend payments: December 2, 2008

( Amount less than one million yen has been disregarded )

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

(1) Consolidated Financial Results

Note: % 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 (%)
Six months ended Sep. 30, 2008	4,449	-	996	-	1,033	-	779	-
Six months ended Sep. 30, 2007	4,362	12.8	982	4.0	987	4.7	689	9.3

	Net income per share	Diluted income per share
	Yen	Yen
Six months ended Sep. 30, 2008	38.24	-
Six months ended Sep. 30, 2007	33.84	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
Sep. 30, 2008	11,841	9,192	77.6	451.23
March 31, 2008	11,578	8,746	75.5	429.34

(Note) Shareholders' equity: Sep. 30, 2008 9,192 million yen March 31, 2008 8,746 million yen

2 . Dividends

( Record date )	Dividends per share				
	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	Annual
Year ended March 31, 2008	-	6.00	-	10.00	16.00
Year ending March 31, 2009	-	8.00	-	-	-
Year ending March 31, 2009 (forecast)	-	-	-	8.00	16.00

(Note) Revise of dividends forecast: None

3 . Consolidated 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
Fiscal year ending March, 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.5 "Qualitative Information, Financial Statements, etc"

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

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

Six months ended Sep. 30, 2008 : 20,371,392 shares

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

② Number of treasury stock

Six months ended Sep. 30, 2008 : 33 shares

Year ended March 31, 2008 : 33 shares

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

Six months ended Sep. 30, 2008 : 20,371,359 shares

Six months ended Sep. 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

In the 2<sup>nd</sup> quarter of the 2008 consolidated business year, the global economy faced a situation impossible to predict, given a sharp rise in crude prices, worldwide turmoil in the financial markets following the subprime mortgage problem in the U.S., and stagnation of the stock market. Also in Japan's economy, fears of an economic slowdown increased due to financial instability, the slumping stock market, higher material prices including a rise in oil prices, and further appreciation of the yen.

In the electronic parts industry, while there was relatively favorable growth in the first half, there was generally an apparent slowdown in sales, despite favorable sales in low-priced PCs and some areas of home electronics.

Under such economic conditions, the Company Group has striven to develop new products and increase the sales of chemicals for electronic boards, resulting in the submission of 29 patent applications in the 2<sup>nd</sup> quarter of the 2008 consolidated business year. As regards sales, sales of chemicals for electronic boards and high-density electronic boards grew, whereas those of machinery for electronic boards were sluggish, due to the slowdown in plant and equipment investment on the part of customers.

Consequently, sales for the 2<sup>nd</sup> quarter of 2008 consolidated business year came to ¥4,449 million. Selling and general administrative expenses were ¥1,734 million, operating profit was ¥996 million, and ordinary profit was ¥1,033 million. Consequently, the quarterly net income was ¥779 million.

2. Consolidated financial position

Total assets at the end of the 2<sup>nd</sup> quarter came to ¥11,841 million, up ¥262 million from the end of the previous consolidated accounting year. This is primarily because cash increased ¥438 million to ¥4,105 million. Net assets stood at ¥9,192 million, up ¥446 million from the end of the previous consolidated accounting year, meaning the ratio of net worth turned to 77.6%.

(State of cash flows)

Cash and cash equivalent (hereinafter referred to as the "Funds") in the 2<sup>nd</sup> quarter increased ¥158 million from the end of the previous consolidated accounting year to reach ¥2,951 million.

State of cash flows in the 2<sup>nd</sup> quarter and related factors are as follows:

( Net cash provided by ( used in ) operating activities )

Funds obtained as a result of operating activities were ¥881 million. The primary factors in generating the Funds are a quarterly profit of ¥1,119 million before income taxes and

others, and a decrease of ¥198 million in accounts receivable, which contributed to an increase in the Funds, whereas there were an increase of ¥155 million in inventories, and payment of income taxes, etc. of ¥319 million as factors reducing the Funds, which partially offset the increases in the same.

( Net cash provided by ( used in ) investing activities )

The Funds used as a result of investing activities came to ¥526 million. This amount was primarily due to the deposit of a net amount of ¥285 million in time deposits and income with a cash surrender value of ¥214 million, despite expenditures of ¥427 million following the acquisition of tangible fixed assets.

( Net cash provided by ( used in ) financing activities )

The Funds used as a result of financing activities were ¥202million. This is due to dividend payments of ¥202 million.

3. Concerning the consolidated earnings forecast

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

4. Other

(1) Changes in important subsidiaries during the term (changes in 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

Accounting treatment specific to the preparation of quarterly consolidated financial statements

For tax expenses, the Company and certain overseas consolidated subsidiaries reasonably estimate the effective tax rate after the application of the tax effect accounting to net income before income taxes for the consolidated accounting year, including the 2<sup>nd</sup> quarter consolidated accounting period, and calculate tax expenses

by multiplying the quarterly net income before income taxes by such estimated effective tax rate.

With this in mind, the figure for income taxes-deferred is stated in the income taxes item.

- (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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 Sep. 30, 2008	As of March 31, 2008
<b>( Assets )</b>		
<b>Current assets</b>		
Cash and deposits	4,105,650	3,667,056
Notes and accounts receivable-trade	2,440,130	2,654,855
Short-term investment securities	50,000	50,000
Merchandise and Finished goods	337,318	245,230
Raw materials and Supplies	307,453	251,024
Deferred tax assets	111,307	125,916
Other	68,455	66,793
Allowance for doubtful adccounts	(21,143)	(14,295)
<b>Current assets</b>	<b>7,399,172</b>	<b>7,046,582</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	2,859,309	2,582,617
Accumulated depreciation	(1,300,065)	(1,244,493)
Buildings and structures, net	1,559,244	1,338,124
Machinrery, equipment and vehicles	1,444,716	1,409,265
Accumulated depreciation	(1,012,935)	(970,203)
Machinery, equipment and vehicles, net	431,781	439,062
Tools, furniture and fixtures	555,354	540,761
Accumulated depreciation	(366,332)	(339,938)
Tools, furniture and fixtures, net	189,022	200,822
Land	1,286,063	1,286,750
Construction in progress	260,767	280,856
<b>Property, plant and equipment</b>	<b>3,726,878</b>	<b>3,545,615</b>
<b>Intangible assets</b>		
Goodwill	17,542	20,872
Other	50,772	57,589
<b>Intangible assets</b>	<b>68,314</b>	<b>78,461</b>
<b>Investments and other assets</b>		
Investment securities	503,403	656,440
Other	168,170	261,277
Allowance for doubtful accounts	(24,817)	(9,672)
<b>Investments and other assets</b>	<b>646,755</b>	<b>908,046</b>
<b>Noncurrent assets</b>	<b>4,441,948</b>	<b>4,532,123</b>
<b>Assets</b>	<b>11,841,121</b>	<b>11,578,706</b>

( unit : 1,000 yen )

	As of Sep. 30, 2008	As of March 31, 2008
<b>( Liabilities )</b>		
Current liabilities		
Notes and accounts payable-trade	969,549	999,500
Short-term loans payable	480,000	480,000
Accounts payable-other	219,998	332,821
Accrued expenses	37,157	85,778
Income taxes payable	290,372	298,865
Provision for bonuses	194,690	154,752
Provision for directors' bonuses	9,450	-
Other	100,626	99,636
Current liabilities	2,301,846	2,451,345
Noncurrent liabilities		
Deferred tax liabilities	227,177	270,936
Other	119,859	110,256
Noncurrent liabilities	347,036	381,193
Liabilities	2,648,882	2,832,538
<b>( Net Assets )</b>		
Shareholders' equity		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	8,078,938	7,503,558
Treasury stock	(47)	(47)
Shareholders' equity	9,119,392	8,544,011
Valuation and translation adjustments		
Valuation difference on available-for-sales securities	(2,088)	94,013
Foreign currency translation adjustment	74,934	108,143
Valuation and translation adjustments	72,846	202,156
Net assets	9,192,238	8,746,167
Liabilities and net assets	11,841,121	11,578,706

## ( 2 ) Consolidated quarterly statements of income

	( unit : 1,000yen )
	Six months ended Sep. 30, 2008
	〔 From April 1, 2008 To Sep 30, 2008 〕
Net Sales	4,449,020
Cost of sales	1,717,621
Gross profit	2,731,398
Selling, general administrative expenses	1,734,443
Operating income	996,955
Non-operating income	
Interest income	20,721
Dividends income	8,158
Foreign exchange gains	8,798
Rent income on facilities	6,212
Other	6,586
Non-operating income	50,477
Non-operating expenses	
Interest expenses	3,344
Rent expenses on facilities	1,827
Other	8,492
Non-operating expenses	13,664
Ordinary income	1,033,767
Extraordinary income	
Gain on sales of noncurrent assets	447
Surrender value of insurance	100,909
Extraordinary income	101,356
Extraordinary loss	
Loss on sale of noncurrent assets	55
Loss on retirement of noncurrent assets	3,275
Impairment loss	12,106
Extraordinary loss	15,437
Income before income taxes	1,119,686
Income taxes	340,591
Net income	779,094



## ( 3 ) Consolidated quarterly statements of cash flow

( unit : 1,000yen )

	Six months ended Sep. 30, 2008
	From April 1, 2008
	To Sep. 30, 2008
Net cash provided by ( used in ) operating activities	
Income before income taxes	1,119,686
Depreciation and amortization	179,696
Impairment loss	12,106
Increase ( decrease ) in allowance for doubtful accounts	22,082
Increase ( decrease ) in provision for bonuses	39,938
Increase in provision for directors' bonuses	9,450
Interest and dividends income	(28,879)
Insurance premiums refunded cancellation	(100,909)
Interest expenses	3,344
Decrease ( increase ) in notes and accounts receivable-trade	198,816
Decrease ( increase ) in inventories	(155,031)
Increase ( decrease ) in notes and accounts payable-trade	17,781
Other, net	(143,294)
Subtotal	1,174,789
Interest and dividends income received	29,083
Interest expenses paid	(3,194)
Income taxes paid	(319,220)
Net cash provided by ( use in ) operating activities	881,457
Net cash provided by ( used in ) investment activities	
Payments into time deposits	(1,012,361)
Proceeds from withdrawal of time deposits	726,887
Purchase of property, plant and equipment	(427,401)
Proceeds from sale of property, plant and equipment	2,520
Purchase of intangible assets	(1,440)
Purchase of investment securities	(10,160)
Proceeds from sales of investment securities	1,127
Proceeds from cancellation of insurance funds	214,394
Purchase of long-term prepaid expenses	(21,503)
Other, net	965
Net cash provided by ( used in ) investment activities	(526,972)
Net cash provided by ( used in ) financing activities	
Increase in short-term loans payable	130,000
Decrease in short-term loans payable	(130,000)
Cash dividends paid	(202,714)
Net cash provided by ( used in ) financing activities	(202,714)
Effect of exchange rate change on cash and cash equivalents	7,061
Net increase ( decrease ) in cash and cash equivalents	158,832
Initial balance of cash and cash equivalents	2,792,447
Closing balance of cash and cash equivalents	2,951,279

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

[ Information by operating segment ]

Six months ended Sep. 30, 2008 ( From April 1, 2008 to Sep.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.

[ Information by geographical segment ]

Six months ended Sep. 30, 2008 ( From April 1, 2008 to Sep.30, 2008 )

( Unit: 1,000 yen )

	Japan	Asia	Europe	Other	Total	Elimination or corporate	Consolidated
Net Sales							
(1) Outside customers	2,362,327	1,688,388	398,304	-	4,449,020	-	4,449,020
(2) Inter-segment sales and transfers	648,165	556	-	-	648,721	(648,721)	-
Total	3,010,492	1,689,944	398,304	-	5,097,742	(648,721)	4,449,020
Operating profit/(loss)	595,672	649,219	37,594	(4)	1,282,441	(285,486)	996,955

(Notes)

- 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

Six months ended Sep. 30, 2008 ( From April 1, 2008 to Sep. 30, 2008 )

	Asia	Europe	Other	Total
I Overseas sales (thousands of yen)	1,787,395	366,429	21,720	2,175,545
II Consolidated sales (thousands of yen)				4,449,020
III Percentage of overseas sales to consolidated sales (%)	40.2	8.2	0.5	48.9

(Notes)

- 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
- 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 )

	Six months ended Sep. 30, 2007 〔 From April 1, 2007 To Sep. 30, 2007 〕	
Net Sales		4,362,392
Cost of sales		1,753,536
Gross profit		2,608,856
Selling, general administrative expenses		1,626,773
Operating income		982,082
Non-operating income		
1 Interest income	12,719	
2 Dividends income	2,992	
3 Rent income on facilities	6,074	
4 Other	7,175	28,961
Non-operating expenses		
1 Interest expenses	3,837	
2 Rent expenses on facilities	5,407	
3 Foreign exchange losses	8,544	
3 Other	6,102	23,891
Ordinary income		987,153
Extraordinary income		
1 Gain on sales of noncurrent assets	2,245	2,245
Extraordinary loss		
1 Loss on retirement of noncurrent assets	1,390	1,390
Income before income taxes		988,007
Income taxes-current		298,679
Net income		689,328

## ( 2 ) Consolidated quarterly statements of cash flow

( unit : 1,000yen )

	Six months ended Sep. 30, 2007 〔 From April 1, 2007 To Sep. 30, 2007 〕
Net cash provided by ( used in ) operating activities	
Income before income taxes	988,007
Depreciation and amortization	140,243
Increase in allowance for doubtful accounts	2,444
Increase in provision for bonuses	16,806
Decrease in provision for directors' bonuses	(10,405)
Interest and dividends income	(15,711)
Interest expenses	3,837
Increase in notes and accounts receivable-trade	(307,512)
Increase in inventories	(22,185)
Increase in notes and accounts payable-trade	146,126
Other,net	(35,821)
Subtotal	905,830
Interest and dividends income received	15,635
Interest expenses paid	(4,097)
Income taxes paid	(338,934)
Net cash provided by ( use in ) operating activities	578,433
Net cash provided by ( used in ) investment activities	
Payments into time deposits	(815,129)
Proceeds from withdrawal of time deposits	547,826
Purchase of property, plant and equipment	(435,914)
Proceeds from sale of property, plant and equipment	3,971
Purchase of investment securities	(309,403)
Other,net	1,498
Net cash provided by ( used in ) investment activities	(1,007,150)
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	(181,696)
Other,net	3,834
Net cash provided by ( used in ) financing activities	(177,862)
Effect of exchange rate change on cash and cash equivalents	40,403
Net increase in cash and cash equivalents	(566,175)
Initial balance of cash and cash equivalents	3,033,255
Closing balance of cash and cash equivalents	2,467,080

## (3) Segment information

[ Information by operating segment ]

Six months ended Sep. 30, 2007 ( From April 1, 2007 to Sep. 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.

[ Information by geographical segment ]

Six months ended Sep. 30, 2007 ( From April 1, 2007 to Sep. 30, 2007 )

( Unit : 1,000 yen)

	Japan	Asia	Europe	Other	Total	Elimination or corporate	Consolidated
Net Sales							
(1) Outside customers	2,529,102	1,489,940	343,350	-	4,362,392	-	4,362,392
(2) Inter-segment sales and transfers	618,952	419	826	-	620,199	(620,199)	-
Total	3,148,055	1,490,359	344,176	-	4,982,592	(620,199)	4,362,392
Operating costs	2,446,490	953,301	320,003	79	3,719,875	(339,565)	3,380,310
Operating profit/(loss)	701,564	537,058	24,172	(79)	1,262,716	(280,634)	982,082

(Notes)

- 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

- The value within operating costs of eliminated costs or unclassifiable operating costs included in company-wide accounts is ¥307,745 (thousands of yen) mainly for costs attributable to the company's administrative divisions, etc.

[ Overseas sales ]

Six months ended Sep. 30, 2007 ( From April 1, 2007 to Sep. 30, 2007 )

	Asia	Europe	Other	Total
I Overseas sales (thousands of yen)	1,584,291	309,355	12,527	1,906,174
II Consolidated sales (thousands of yen)				4,362,392
III Percentage of overseas sales to consolidated sales (%)	36.3	7.1	0.3	43.7

(Notes)

- 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: Spain, Germany and Italy

Other: the United States

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