

Consolidated Financial Results for the Second Quarter Ended September 30, 2009

October 30, 2009

Company Name: MEC COMPANY LTD.
 Stock Exchange Listing: TSE -1st Section
 Securities Code: 4971
 URL: <http://www.mec-co.com/>
 Representative: President & CEO Kazuo MAEDA
 Contact: General Manager, CEO OFFICE Yoshihiro SAKAMOTO
 Phone: +81-6-6414-3451

Schedule date to submit securities report: November 13, 2009

Schedule date to begin dividend payment: December 1, 2009

(Amount less than one million yen has been disregarded)

1. Consolidated Financial Results for the Second Quarter Ended Sep. 30, 2009 (From Apr. 1, 2009 to Sep. 30, 2009)

(1) Consolidated Financial Results

(Percentages are year-on-year comparisons)

	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, 2009	2,741	(38.4)	260	(73.8)	261	(74.7)	229	(70.6)
Six months ended Sep. 30, 2008	4,449	-	996	-	1,033	-	779	-

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Sep. 30, 2009	11.41		-	
Six months ended Sep. 30, 2008	38.24		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
Sep. 30, 2009	10,327	8,127	78.7	404.94
Mar.31, 2009	9,731	7,780	80.0	387.64

(Note) Shareholders' equity: Sep. 30, 2009 8,127 million yen Mar. 31, 2008 7,780 million yen

2. Dividends

(Record date)	Dividends per share				
	Jun. 30	Sep.30	Dec.31	Year-end	Annual
Year ended Mar. 31, 2009	-	8.00	-	8.00	16.00
Year ending Mar. 31, 2010	-	4.00			
Year ending March 31, 2009 (forecast)			-	4.00	8.00

(Note) Revise of dividends forecast: None

3. Consolidated Financial Forecast for the Year Ending Mar. 31, 2010 (From Apr. 1, 2009 to Mar. 31, 2010)

(Percentages are year-on-year comparisons)

	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
Year ending Mar. 31, 2010	6,066	(12.8)	671	(23.6)	656	(10.5)	341	(18.5)	17.00

(Note) Revisions made this quarter to consolidated financial forecasts: Yes

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.6 "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: No

[2] Changes other than those in [1]: Yes

Note: For details, see "4. Others", p.6 "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, 2009 : 20,371,392 shares

Year ended Mar. 31, 2009 : 20,371,392 shares

[2] Number of treasury stock

Six months ended Sep. 30, 2009 : 300,065 shares

Year ended Mar. 31,2009 : 300,033 shares

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

Six months ended Sep. 30 ,2009 : 20,071,352 shares

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

* Explanation of appropriate use of financial forecasts. Other points of note.

The forecast figures included above are forecasts judged based on the currently available information and include largely uncertain elements. Actual results may differ from the forecast figures above due to changes in business performance and other factors. For information on the conditions assumed in forecasting results, please see "3. Financial forecasts" under "Qualitative Information, Financial Statements, etc" on page 5.

Qualitative Information, Financial Statements, etc.

1. Qualitative information pertaining to consolidated financial results

Looking at the global economy in the consolidated first six months under review, pump-priming measures taken by a number of governments around the world proved successful. In addition, in developing industrial nations including China, some signs of increased consumption became apparent and at last it seemed as if the global economy had bottomed out. On the other hand, in Japan private capital investment and personal consumption remained low, against the background of the ongoing strong yen, harsh employment situation, and concerns about deflation, and overall a full-scale recovery has yet to materialize.

In the electronics industry, although digital appliances such as computers and flat-screen TVs registered tones of recovery, there are also fields whose outlook remains severe such as the automobile and mobile phone industry. Amid this ongoing harsh economic climate, in the electronic substrate industry in which we are located, we carried out one round of inventory adjustments up until the end of the first consolidated quarter, but we were unable to see a full-sale recovery back to the levels of the same period in the previous year.

Amid these circumstances, we in the Company's Group are contributing to cost reductions on the part of our customers. At the same time, as a result of developing products that are connected to bringing us higher profits, in the consolidated six months under review we filed 4 new applications for patents and launched sales of 5 new products.

Furthermore, in addition to lowering our logistics costs and semifinished material costs, we made efforts to cut costs by revising our outsourcing activities.

However, failing to achieve a full-scale recovery in the electronic substrate production, we posted sales of 2.741 billion yen in the consolidated first-half term (down 38.4% year-on-year). Thanks to enhanced cost reduction efforts, selling and general administrative expenses were 1.472 billion yen (down 15.1% year-on-year). As a result, operating income was 260 million yen (down 73.8% year-on-year), ordinary income was 261 million yen (down 74.7% year-on-year), and net income for the first six months was 229 million yen (down 70.6% year-on-year).

2. Qualitative information pertaining to consolidated financial positions

(1) Increases and decreases in assets, liabilities and net assets

Assets amounted to 10.327 billion yen, up 596 million yen compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in cash and deposits and an increase in notes and accounts receivable—trade, owing to the recovery in financial results.

Liabilities were 2.199 billion yen, up 248 million yen. This was mainly due to an increase in notes and accounts payable—trade resulting from increased purchases.

Net assets were 8.127 billion yen, up 347 million yen. This was mainly due to increases in unrealized losses on revaluation of other securities and increases in accounting adjustments for exchange rate conversions.

(2) Analysis of cash flows

The balance of cash and cash equivalents (hereinafter "cash") at the end of the consolidated second quarter under review was 2.692 billion yen, up 482 million yen compared with the balance at the end of the previous consolidated fiscal year.

Various cash flows in the consolidated first-half term under review and their causal factors are as follows.

Cash flow from operating activities

Cash from operating activities amounted to 521 million yen (down 359 million yen year-on-year). This was mainly because income before income taxes and minority interests was 285 million yen and depreciation expenses were 161 million yen, while accounts payable increased by 157 million yen, which helped to increase cash. However, factors for reduced cash included an increase of 270 million yen in accounts receivable, which offset some of the increase in cash.

Cash flow from investing activities

Cash from investing activities amounted to 88 million yen (526 million yen was used in the corresponding period of the previous year). This was mainly because of an expenditure of 297 million yen to acquire tangible fixed assets. However, factors for increased cash included withdrawals of fixed deposits in the amount of 322 million yen.

Cash flow from financing activities

As a result of financing activities, cash used amounted to 160 million yen (down 42 million yen year-on-year). This was mainly due to our dividend payments of 160 million yen.

3. Qualitative information pertaining to consolidated financial forecasts

On October 30, 2009, we announced the following revisions to financial forecasts for the full term ending in March 31, 2010.

Revisions to full-year financial forecasts

Revision of consolidated earnings forecast figures for the full term ending Mar. 31, 2010

(Apr. 1, 2009 ~ Mar. 31, 2010)

	Sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecast (A)	5,679	560	594	287	14.30
Currently revised forecast (B)	6,066	671	646	341	17.00
Change in value (B-A)	386	110	62	54	-
Rate of change (%)	6.8	19.7	10.5	18.9	-
(Reference) Results for the previous term (Term ended Mar. 2009)	6,954	878	733	287	14.16

Revision of non-consolidated earnings forecast figures for the full term ending Mar. 31, 2010

(Apr. 1, 2009 ~ Mar. 31, 2010)

	Sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecast (A)	4,091	(64)	252	170	8.50
Currently revised forecast (B)	4,529	35	337	219	10.93
Change in value (B-A)	437	100	85	48	-
Rate of change (%)	10.7	-	33.9	28.6	-
(Reference) Results for the previous term (Term ended Mar. 2009)	4,673	(121)	(8)	11	0.59

The reasons for these revisions are described in "Notice on Differences Between Financial Forecasts and Actual Results for First-half Term and Revisions to Full-term Forecasts," announced on October 30, 2009.

4. Others

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

There are no applicable items.

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

1. Concise accounting processing

When judging the recoverability of deferred tax assets, if we deem that after the end of the previous consolidated fiscal year there have been no significant changes in the business environment and no significant changes in the occurrence of temporary differences, then we apply the conventional financial forecasts and tax planning that we used in the previous consolidated fiscal year. However, if we deem that after the end of the previous consolidated fiscal year there have been significant changes in the business environment or significant changes in the occurrence of temporary differences, then we apply the conventional financial forecasts and tax planning that we used in the previous consolidated fiscal year after adjusting for the effects of the corresponding significant changes.

2. Particular accounting methods in the creation of consolidated financial statements

We adopted the method which reasonably estimates the effective tax rate after applying tax effect accounting to net income before tax in the current consolidated fiscal year, and which calculates tax by multiplying the quarterly net income before tax by the said estimated effective tax rate. However, we use the statutory effective tax rate if it will be significantly unreasonable to calculate tax expenses by using the said estimated effective tax rate.

Deferred income tax is included in income tax

(3) Changes of principles, procedures, presentation methods, etc, in accounting procedures related to the creation of quarterly consolidated financial statements

1. Changes in items relating to the scope of consolidation

i) Changes in the scope of consolidation

In the second consolidated quarter under review, we completed the liquidation of the consolidated subsidiary MEC USA Specialty Products Inc. As a result, it is excluded from the scope of consolidated accounting.

ii) Number of consolidated subsidiaries after the change

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2. Changes in items relating to accounting standards

Among items in the financial statements of overseas subsidiaries, conventionally we used to calculate earnings and expenses by using the spot exchange rate on the corresponding subsidiary's settlement date. However, from the first consolidated quarter of the period under review we changed to a method that uses the average rate for the term.

We made this change so that in accordance with the increased importance of overseas subsidiaries' earnings and expenses that we have seen in recent years, by standardizing effects of changes in exchange rates on earnings and expenses during the term we can eliminate effects of temporary exchange rate changes, and more appropriately reflect overseas subsidiaries' costs and revenue during the term in financial statements.

As a result, compared with the conventional method, consolidated sales in the first-half term fell by 24.417 million yen, operating income was down 4.631 million yen, ordinary income fell by 5.119 million yen, and quarterly net income before tax was down 4.8 million yen.

Effects on segment information are mentioned in the relevant sections.

3. Changes in the presentation of the financial statements

(Quarterly consolidated cash flow statement)

Because the importance of the accounting item "Increase (decrease) in accrued expenses" has increased in the consolidated six months under review, although we used to include it in the section of "Others" in cash flows from operating activities, we have decided to state it in a separate category from the consolidated six months under review.

Furthermore, "Increase (decrease) in accrued expenses" in the "Others" section of cash flows from operating activities amounted to 31.071 million yen.

5 . Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(unit : 1,000yen)

	As of Sep. 30, 2009	As of Mar. 31, 2009
(Assets)		
Current assets		
Cash and deposits	3,859,235	3,584,544
Notes and accounts receivable-trade	1,681,597	1,377,451
Short-term investment securities	-	50,000
Merchandise and finished goods	237,940	231,015
Raw materials and supplies	187,985	238,558
Deferred tax assets	41,322	38,074
Income taxes receivable	35,744	150,349
Other	50,760	64,478
Allowance for doubtful accounts	(9,524)	(11,626)
Total current assets	6,085,062	5,722,846
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	2,735,005	2,693,134
Accumulated depreciation	(1,368,747)	(1,304,122)
Buildings and structures, net	1,366,257	1,389,012
Machinery, equipment and vehicles	1,521,410	1,490,721
Accumulated depreciation	(1,115,916)	(1,031,013)
Machinery, equipment and vehicles, net	405,493	459,707
Tools, furniture and fixtures	537,804	531,159
Accumulated depreciation	(389,766)	(380,419)
Tools, furniture and fixtures, net	148,038	150,739
Land	1,192,424	1,167,488
Construction in progress	450,308	248,373
Total property, plant and equipment	3,562,523	3,415,321
Intangible assets		
Goodwill	10,882	14,212
Other	44,877	47,542
Total intangible assets	55,759	61,754
Investments and other assets		
Investment securities	502,949	381,297
Other	129,462	178,771
Allowance for doubtful accounts	(8,106)	(28,530)
Total investments and other assets	624,305	531,537
Total noncurrent assets	4,242,588	4,008,613
Total Assets	10,327,650	9,731,460

(unit : 1,000 yen)

	As of Sep. 30, 2009	As of Mar. 31, 2009
(LIABILITIES)		
Current liabilities		
Notes and accounts payable-trade	555,066	392,210
Short-term loans payable	480,000	480,000
Accounts payable-other	188,312	149,240
Accrued expenses	34,977	29,210
Income taxes payable	115,986	126,320
Provision for bonuses	159,038	103,716
Provision for directors' bonuses	8,032	-
Other	63,346	123,825
Total current liabilities	1,604,760	1,404,523
Noncurrent liabilities		
Deferred tax liabilities	458,795	427,002
Provision for retirement benefits	30,380	16,704
Other	106,006	102,827
Total noncurrent liabilities	595,182	546,534
Total liabilities	2,199,943	1,951,057
(NET ASSETS)		
Shareholders' equity		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	7,493,201	7,424,761
Treasury stock	(92,697)	(92,677)
Total shareholders' equity	8,441,004	8,372,585
Valuation and translation adjustments		
Valuation difference on available-for-sales securities	75,129	(4,714)
Foreign currency translation adjustment	(388,426)	(587,468)
Total valuation and translation adjustments	(313,297)	(592,182)
Total net assets	8,127,707	7,780,402
Total liabilities and net assets	10,327,650	9,731,460

(2) Consolidated quarterly statements of income

	(unit : 1,000yen)	
	Six months ended Sep. 30, 2008	Six months ended Sep. 30, 2009
	〔 From Apr. 1, 2008 To Sep. 30, 2008 〕	〔 From Apr. 1, 2009 To Sep. 30, 2009 〕
Net Sales	4,449,020	2,741,779
Cost of sales	1,717,621	1,008,190
Gross profit	2,731,398	1,733,589
Selling, general administrative expenses	1,734,443	1,472,694
Operating income	996,955	260,894
Non-operating income		
Interest income	20,721	21,149
Dividends income	8,158	5,846
Gain on sales of investment securities	-	1,582
Foreign exchange gains	8,798	-
Rent income on facilities	6,212	-
Other	6,586	13,112
Total non-operating income	50,477	41,691
Non-operating expenses		
Interest expenses	3,344	3,171
Loss on sales of securities	-	420
Loss on valuation of investment securities	-	574
Foreign exchange losses	-	31,672
Rent expenses on facilities	1,827	-
Other	8,492	5,601
Total non-operating expenses	13,664	41,440
Ordinary income	1,033,767	261,146
Extraordinary income		
Gain on sales of noncurrent assets	447	-
Surrender value of insurance	100,909	9,479
Reversal of allowance for doubtful accounts	-	1,324
Reversal of foreign currency translation adjustment	-	16,845
Total extraordinary income	101,356	27,648
Extraordinary loss		
Loss on sale of noncurrent assets	55	1,023
Loss on retirement of noncurrent assets	3,275	1,775
Impairment loss	12,106	-
Total extraordinary loss	15,437	2,799
Income before income taxes	1,119,686	285,995
Income taxes	340,591	56,985
Net income	779,094	229,010

(3) Consolidated quarterly statements of cash flow

(unit : 1,000yen)

	Six months ended Sep. 30, 2008	Six months ended Sep. 30, 2009
	From Apr. 1, 2008	From Apr. 1, 2009
	To Sep. 30, 2008	To Sep. 30, 2009
Net cash provided by (used in) operating activities		
Income before income taxes	1,119,686	285,995
Depreciation and amortization	179,696	161,001
Impairment loss	12,106	-
Increase (decrease) in allowance for doubtful accounts	22,082	(22,982)
Increase (decrease) in provision for bonuses	39,938	55,148
Increase (decrease) in provision for directors' bonuses	9,450	8,032
Increase (decrease) in provision for retirement benefits	-	13,675
Interest and dividends income	(28,879)	(26,996)
Loss (gain) on cancellation of insurance contract	(100,909)	(9,479)
Interest expenses	3,344	3,171
Loss (gain) on sales of investment securities	-	574
Loss on recycling of foreign currency translation adjustment (gain)	-	(16,845)
Decrease (increase) in notes and accounts receivable-trade	198,816	(270,695)
Decrease (increase) in inventories	(155,031)	62,917
Increase (decrease) in notes and accounts payable-trade	17,781	157,467
Increase (decrease) in accrued expenses	-	6,115
Other, net	(143,294)	86,752
Subtotal	1,174,789	493,853
Interest and dividends income received	29,083	27,140
Interest expenses paid	(3,194)	(2,752)
Income taxes refund	-	150,345
Income taxes paid	(319,220)	(147,073)
Net cash provided by (use in) operating activities	881,457	521,513
Net cash provided by (used in) investment activities		
Payments into time deposits	(1,012,361)	(779,833)
Proceeds from withdrawal of time deposits	726,887	1,102,698
Purchase of property, plant and equipment	(427,401)	(297,926)
Proceeds from sale of property, plant and equipment	2,520	1,528
Purchase of intangible assets	(1,440)	-
Purchase of investment securities	(10,160)	(8,595)
Proceeds from sales of investment securities	1,127	30,921
Proceeds from cancellation of insurance funds	214,394	37,357
Purchase of long-term prepaid expenses	(21,503)	-
Other, net	965	2,763
Net cash provided by (used in) investment activities	(526,972)	88,913
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	130,000	130,000
Decrease in short-term loans payable	(130,000)	(130,000)
Purchase of treasury stock	-	(20)
Cash dividends paid	(202,714)	(160,500)
Net cash provided by (used in) financing activities	(202,714)	(160,520)
Effect of exchange rate change on cash and cash equivalents	7,061	32,518
Net increase (decrease) in cash and cash equivalents	158,832	482,424
Cash and cash equivalents at beginning of period	2,792,447	2,209,945
Cash and cash equivalents at end of period	2,951,279	2,692,370

(4) Notes on premises as a going concern

N/A

(5) Segment information

[Information by operating segment]

Previous term's corresponding consolidated six months (from April 1, 2008 to September 30, 2008) and this term's consolidated six months under review (from April 1, 2009 to September 30, 2009)

As a specialized manufacturer of products related to electronic substrates, the Company's Group manufactures and sells chemicals, machinery and equipment, and polishing agents that all belong to the same segment. In addition, we do not operate in areas other than these businesses, so there are no corresponding items to mention.

[Information by geographical segment]

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

(Unit thousands of 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	1,688,944	398,304	-	5,097,742	(648,721)	4,449,020
Operating profit/(loss)	595,672	649,219	37,594	(44)	1,282,441	(285,486)	996,955

Six months ended Sep. 30, 2009 (From Apr. 1, 2009 to Sep. 30, 2009)

(Unit: thousands of yen)

	Japan	Asia	Europe	Other	Total	Elimination or corporate	Consolidated
Net Sales							
(1) Outside customers	1,656,161	920,324	165,293	-	2,741,779	-	2,741,779
(2) Inter-segment sales and transfers	454,136	937	-	-	455,074	(455,074)	-
Total	2,110,298	921,261	165,293	-	3,196,853	(455,074)	2,741,779
Operating profit/(loss)	234,312	268,789	(17,159)	(1,504)	484,438	(223,543)	260,894

(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

2. Changes in account processing methods

Second quarter cumulative consolidated accounting period ended Sep. 30, 2009

(Change in the method used to calculate the profits and costs of overseas subsidiaries)

As stated in “Changes of basic, important matters, etc, for the creation of quarterly consolidated financial statements,” we used to calculate overseas subsidiaries’ earnings and expenses by using the spot exchange rate on the corresponding subsidiary’s settlement date. However, from the first consolidated quarter of the period under review we changed to a method that uses the average rate for the term. In accordance with this change, compared with the conventional method, sales amounts in the category of “Asia” fell by 15.1 million yen and in the category of “Europe” they were down by 9.317 million yen; meanwhile, operating income in the category of “Asia” was down by 5.315 million yen, in the category of “Others” was down by 68,000 yen and in the category of “Europe” was up by 967,000 yen.

[Overseas sales]

Six months ended Sep. 30, 2008 (From Apr. 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

[Overseas sales]

Six months ended Sep. 30, 2009 (From Apr. 1, 2009 to Sep. 30, 2009)

	Asia	Europe	Other	Total
I Overseas sales (thousands of yen)	1,011,985	151,029	8,703	1,171,718
II Consolidated sales (thousands of yen)				2,741,779
III Percentage of overseas sales to consolidated sales (%)	36.9	5.5	0.3	42.7

(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: Spain, 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.

3. Changes in account processing methods

Second quarter cumulative consolidated accounting period ended Sep. 30, 2009

(Change in the method used to calculate the profits and costs of overseas subsidiaries)

As stated in “Changes of basic, important matters, etc, for the creation of quarterly consolidated financial statements,” we used to calculate overseas subsidiaries’ earnings and expenses by using the spot exchange rate on the corresponding subsidiary’s settlement date. However, from the first consolidated quarter of the period under review we changed to a method that uses the average rate for the term. Accompanying this change, compared with the conventional method, overseas sales in the category of “Asia” fell by 15.719 million yen, in the category of “Europe” they were down by 8.513 million yen, and in the category of “Other regions” they fell by 184,000 yen.

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