



Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2013 [Japanese Standard] (consolidated)

October 31, 2012
Stock Exchange Listing: TSE

Company Name: MEC COMPANY LTD.
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 Scheduled date for submitting quarterly reports: November 14, 2012
 Commencement Date of Dividend Payment (Scheduled): December 4, 2012
 Creation of reference materials supplementary to the quarterly results: Yes
 Holding of briefing sessions regarding the quarterly results: Yes (for institutional investors)
 (Amounts less than one million yen have been disregarded)

1. Consolidated financial results (April 1, 2012 – September 30, 2012)

(1) Financial results

Note: Percentages indicate year-on-year changes for quarter.

	Net sales		Operating income		Ordinary income		Net income for quarter	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2012	3,191	(3.2)	390	(17.8)	369	(10.9)	265	-
Six months ended September 30, 2011	3,296	(7.7)	474	(11.3)	414	(11.1)	(19)	-

(Note) Comprehensive: September 30, 2012: 298 million yen (— %) September 30, 2011: -24 million (— %)

	Net income per share for quarter	Diluted net income per share for quarter
	Yen	Yen
Six months ended September 30, 2012	13.23	—
Six months ended September 30, 2011	(0.97)	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2012	9,868	7,944	80.5	395.84
September 30, 2011	10,052	7,726	76.9	384.95

(Note) Shareholders' equity: September 30, 2012: 7,944 million yen March 31, 2012: 7,726 million yen

2. Dividends

	Annual dividend				
	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2012	—	4.00	—	4.00	8.00
Year ending March 31, 2013	—	4.00			
Year ending March 31, 2013 (forecast)			—	4.00	8.00

(Note) Revision of recently announced dividends forecast: None

3. Consolidated financial forecast for the year ending March 31, 2013 (April 1, 2012 – March 31, 2013)

(Percentages show rates of change that are year-on-year comparisons for the full year and quarter-on-quarter comparisons for the quarter.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,800	8.2	850	15.9	800	16.5	470	696.9	23.42

(Note) Revision of recently announced earnings forecast: None

* Notes

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

Newly consolidated companies — (company name), Excluded companies — (company name)

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

Note: For details, please see "Application of concise accounting procedures or particular accounting procedures in the creation of consolidated financial statements during this quarter" on page 3 of the attached materials.

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

[1] Changes that accompany amendment of accounting standards, etc.: Yes

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

[3] Changes in accounting estimates: Yes

[4] Restatements: No

Note: The changes correspond to Paragraph 5 of Article 10 of "Rules and Regulations Concerning Drafting Methods, Format and Terminology of Quarterly Consolidated Financial Statements." For details, please see "Changes in accounting policies or accounting estimates, and restatement" on page 3 of the attached materials.

(4) Number of outstanding shares (Common shares)

[1] Number of outstanding shares at end of term (including treasury stock)	2Q ended March 31, 2013	20,071,093 shares	Year ended March 31, 2012	20,071,093 shares
[2] Number of treasury stock at end of term	2Q ended March 31, 2013	34 shares	Year ended March 31, 2012	34 shares
[3] Average number of shares during term (Quarterly consolidated year to date)	2Q ended March 31, 2013	20,071,059 shares	2Q ended March 31, 2012	20,071,074 shares

* 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 not yet to complete the procedures for quarterly review covered by the Financial Instruments and Exchange Act.

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

Earnings forecasts have been created based on the available information as of the date of announcing this material and certain assumptions that are judged to be rational and a commitment to the achievement. 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 earnings forecasts" on page 2.

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1. Qualitative information regarding results for this quarter

(1) Qualitative information on consolidated operating results

In the world economy in the consolidated six months under review, owing to factors such as the global economic downturn caused by the prolonged financial and fiscal issues in the euro area and a period of economic slowdown in emerging markets, as ever it has continue to prove hard to dispel uncertainty about the future.

In Japan, a gradual recovery was seen thanks to a pick-up in domestic demand, mainly reconstruction demand from the Great East Japan Earthquake. However, there were also the effects of a slowdown in the global economy and ongoing strong yen, and so the outlook for the economy remained unclear.

Under these circumstances, the electronics industry saw steady sales of devices such as smartphones and tablet PCs. However, difficult sales conditions for products such as flat-screen TVs and PCs persisted, and overall no strong demand was observed. The electronic circuit board industry, including high-density electronic boards, remained sluggish in general. 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. In addition, we have also continuously worked hard to improve our management structure, such as by containing costs and increasing operational efficiency.

As a result, total consolidated sales for the first and second quarters amounted to 3,191 million yen (a decrease of 3.2% year-on-year). Consolidated operating profit was 390 million yen (a decrease of 17.8% year-on-year), consolidated ordinary profit was 369 million yen (a decrease of 10.9% year on year), and consolidated net income for the current period was 265 million yen (compared with a consolidated net loss of 19 million yen in the same period of the previous year).

(2) Qualitative information on consolidated financial position

Assets, liabilities and net assets

As a result of repaying bank loans and paying dividends and tax in Japan, the amount of cash on hand and in banks fell and there was an increase in notes and accounts receivable due to higher sales. Hence, assets came to 9,868 million yen, down 184 million yen compared with the previous consolidated fiscal year.

There was a decrease in short-term borrowings as we repaid bank loans and reserves fell because our subsidiary paid dividends and this meant there was a decrease in deferred tax liabilities. Hence, liabilities came to 1,923 million yen, down 403 million yen compared with the previous consolidated fiscal year.

In terms of net assets, there was an increase in retained earnings due to an increase in net income and an increase in foreign currency translation adjustments due to exchange rate differences with our overseas subsidiaries. Consequently, net assets came to 7,944 million yen, up 218 million yen compared with the previous consolidated fiscal year.

As a result of the above, the equity ratio reached 80.5%.

(3) Qualitative information on consolidated earnings forecasts

There is no change to the details announced on May 11, 2012.

Information on risks pertaining to outlooks

Forward-looking statements are based on currently available information and certain assumptions that the Company considers to be reasonable at the moment. Actual results may differ materially from these forward-looking statements owing to various factors.

Of them, the main ones include but are not limited to the following. Risks, uncertainties and other factors are also described in our securities report, so please refer to it for details.

- Rapid changes in the economic conditions in the Japanese and world markets, and in demand for products and services
- Demand trends of the industry
- Supply shortages of raw materials or rises in their prices
- Changes in social infrastructure due to rapid technological change
- Rapid changes in exchange rates
- Movements in the businesses of companies that the Company's Group has tie-ups with or cooperates with
- The possibility of incurring expenses resulting from any defect in our products or services
- Changes in the market value of assets such as land held or investment securities, changes in the appraisal value of deferred tax assets, and changes in other accounting policies
- The occurrence of natural disasters such as earthquakes or floods and other possible elements that could cause confusion in our business activities
- Enforcing of tax systems that potentially could have adverse consequences such as issues with transfer pricing taxation or increases in the corporate tax rate

2. Matters on summary information (notes)

(1) Changes in important subsidiaries during this consolidated quarter:

N/A

(2) Application of accounting procedures specified to create consolidated financial statements for 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 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) Changes in accounting policies or accounting estimates, and restatement

Changes in accounting policies

(Change in depreciation method)

Accompanying the revision to the Corporation Tax Law, in the first quarter ended June 30, 2012 the Company changed the depreciation method it applies to tangible fixed assets acquired on or after April 1, 2012 to a depreciation method based on the revised Corporate Tax Law.

The impact that this change has on the Company's profit and loss is immaterial.

3. Consolidated Quarterly Financial Statements
(1) Balance sheet

	(Unit: Thousands of yen)	
	As of March 31, 2012	As of September 30, 2012
ASSETS		
Current assets:		
Cash and deposits	2,827,517	2,481,421
Notes and accounts receivable-trade	1,681,216	1,879,793
Merchandise and finished goods	204,056	186,819
Work in process	28,286	27,110
Raw materials and supplies	201,777	214,639
Deferred tax assets	97,346	125,794
Other	59,848	75,125
Allowance for doubtful accounts	(9,272)	(6,965)
Total current assets	5,090,776	4,983,737
Non-current assets:		
Property, plant and equipment		
Buildings and structures	2,791,339	2,864,196
Accumulated depreciation	(1,553,250)	(1,598,473)
Buildings and structures, net	1,238,089	1,265,722
Machinery, equipment and vehicles	1,510,954	1,483,565
Accumulated depreciation	(1,152,471)	(1,137,848)
Machinery, equipment and vehicles, net	358,482	345,717
Tools, furniture and fixtures	558,054	563,747
Accumulated depreciation	(443,902)	(450,273)
Tools, furniture and fixtures, net	114,152	113,474
Land	2,723,504	2,735,962
Construction in progress	30,289	26,953
Total property, plant and equipment	4,464,518	4,487,830
Intangible assets	47,167	44,636
Investments and other assets		
Investment securities	352,697	257,312
Deferred tax assets	1,193	421
Other	116,778	111,811
Allowance for doubtful accounts	(20,444)	(17,734)
Total investments and other assets	450,224	351,810
Total non-current assets	4,961,910	4,884,277
Total assets	10,052,686	9,868,015

	(Unit: Thousands of yen)	
	As of March 31, 2012	As of September 30, 2012
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	543,005	501,670
Short-term loans payable	480,000	380,000
Accounts payable-other	302,762	208,815
Accrued expenses	44,743	53,959
Income taxes payable	105,186	61,567
Deferred tax liabilities	1,354	1,546
Provision for bonuses	131,525	175,432
Reserve for directors' bonuses	7,200	5,100
Other	142,296	168,840
Total current liabilities	1,758,074	1,556,931
Noncurrent liabilities:		
Deferred tax liabilities	363,566	200,321
Provision for retirement benefits	108,800	98,453
Other	95,971	67,433
Total non-current liabilities	568,337	366,208
Total liabilities	2,326,412	1,923,140
NET ASSETS		
Shareholders' equity:		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	7,478,645	7,663,868
Treasury stock	(12)	(12)
Total shareholders' equity	8,519,134	8,704,356
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	51,574	(7,869)
Foreign currency translation adjustment	(844,434)	(751,612)
Total valuation and translation adjustment	(792,859)	(759,482)
Total net assets	7,726,274	7,944,874
Total liabilities and net assets	10,052,686	9,868,015

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

Statement of income

(Statement of income)

(Unit: Thousands of yen)

	Six months ended September 30, 2011 〔 From April 1, 2011 To September 30, 2011 〕	Six months ended September 30, 2012 〔 From April 1, 2012 To September 30, 2012 〕
Net sales	3,296,021	3,191,385
Costs of sales	1,320,394	1,169,039
Gross profit	1,975,627	2,022,346
Selling, general and administrative expenses	1,500,668	1,631,902
Operating income	474,958	390,443
Nonoperating income		
Interest income	8,052	15,278
Dividends income	5,457	4,374
Other	7,752	9,221
Total nonoperating income	21,262	28,874
Nonoperating expenses		
Interest expenses	2,237	2,596
Loss on valuation of investment securities	35,481	7,954
Foreign exchange losses	40,289	37,917
Other	3,469	1,110
Total Nonoperating expenses	81,478	49,578
Ordinary income	414,743	369,739
Total extraordinary income		
Gain on sales of noncurrent assets	1,507	1,530
Surrender value of insurance	2,744	1,571
Total extraordinary income	4,252	3,101
Extraordinary loss		
Loss on sales of noncurrent assets	101	1,176
Loss on retirement of noncurrent assets	3,862	3,450
Total extraordinary loss	3,963	4,626
Income before income taxes	415,031	368,214
Total income taxes	190,082	102,707
Income taxes-crrrection	244,412	-
Income (loss) before minority interests	(19,464)	265,507
Net income (loss)	(19,464)	265,507

(Statements of comprehensive income)

(Unit: Thousands of yen)

	Six months ended September 30, 2011 (From April 1, 2011 [To September 30, 2011])	Six months ended September 30, 2012 (From April 1, 2012 [To September 30, 2012])
Income (loss) before minority interests	(19,464)	265,507
Other comprehensive income		
Valuation defference on available for sales securities	(54,787)	(59,444)
Foreign currency translation adjustment	50,100	92,821
Other comprehensive income	(4,687)	33,377
Comprehensive income	(24,151)	298,884
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of the parent	(24,151)	298,884
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

4. Supplemental information

(1) Sales by product

Classification	Second quarter of previous fiscal year		Second quarter of current fiscal year		
	Sales (Millions of yen)	Composition ratio (%)	Sales (Millions of yen)	Composition ratio (%)	Year-on-year change (%)
Chemicals for printed circuit boards	2,824	85.7	2,932	91.9	103.8
Machinery for printed circuit boards	90	2.8	47	1.5	52.7
Materials for printed circuit boards	369	11.2	183	5.8	49.7
Other	11	0.3	27	0.8	245.3
Total	3,296	100.0	3,191	100.0	96.8

(2) Sales by region

(Millions of yen)

	Japan		Taiwan		Hong Kong (Hong Kong, Zhuhai)		China (Suzhou)		Europe		Total	
	Previous FYE Mar. 2012	Current FYE Mar. 2013	Previous FYE Mar. 2012	Current FYE Mar. 2013	Previous FYE Mar. 2012	Current FYE Mar. 2013	Previous FYE Mar. 2012	Current FYE Mar. 2013	Previous FYE Mar. 2012	Current FYE Mar. 2013	Previous FYE Mar. 2012	Current FYE Mar. 2013
1Q	1,015	939	237	231	150	120	134	143	202	130	1,741	1,564
2Q	840	939	265	263	141	145	141	154	165	122	1,554	1,626
Total	1,856	1,879	503	495	292	265	276	297	367	253	3,296	3,191
Year-on-year change	(%)											
	101.2		98.4		90.9		107.6		68.9		96.8	