

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2015
[Japanese Standard] (consolidated)

July 31, 2014
 Stock Exchange Listing: TSE

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Scheduled date for submitting quarterly reports: August 8, 2014

Commencement Date of Dividend Payment (Scheduled): -

Creation of reference materials supplementary to the quarterly results: Yes

Holding of briefing sessions regarding the quarterly results: Yes (for institutional investors, securities analysts)

(Amounts less than one million yen have been disregarded)

1. Consolidated financial results (April 1, 2014 - June 30, 2014)

(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	%
Three months ended June 30, 2014	2,155	24.1	545	168.2	548	112.9	327	97.9
Three months ended June 30, 2013	1,737	11.0	203	11.8	257	50.9	165	26.1

(Note) Comprehensive: June 30, 2014: 172 million yen (-59.1 %) June 30, 2013: 422 million (26.1 %)

	Net income per share for quarter	Diluted net income per share for quarter
	Yen	Yen
Three months ended June 30, 2014	16.34	-
Three months ended June 30, 2013	8.25	-

(2) Financial position

	Total assets	Net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2014	12,550	10,364	82.6	516.41
March 31, 2014	12,869	10,265	79.8	511.44

(Note) Shareholders' equity: June 30, 2014: 10,364 million yen March 31, 2014: 10,265 million yen

2. Dividends

	Annual dividend				
	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2014	—	5.00	—	5.00	10.00
Year ending March 31, 2015	—	—	—	—	—
Year ending March 31, 2015 (forecast)	—	6.00	—	6.00	12.00

(Note) Revision of recently announced dividends forecast: None

3. Consolidated financial forecast for the year ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(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
2Q (year to date)	4,500	19.6	1,000	66.5	1,000	47.5	650	44.4	32.38
Full year	8,800	10.0	1,750	23.1	1,750	12.8	1,100	18.9	54.81

(Note) Revision of recently announced earnings forecast: Yes

* 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 “Summary of concise accounting procedures or particular accounting procedures” 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: No
 [4] Restatements: No

(4) Number of outstanding shares (Common shares)

[1] Number of outstanding shares at end of term (including treasury stock)	Three months ended June 30, 2014	20,071,093 shares	Year ended March 31, 2014	20,071,093 shares
[2] Number of treasury stock at end of term	Three months ended June 30, 2014	34 shares	Year ended March 31, 2014	34 shares
[3] Average number of shares during term (Quarterly consolidated year to date)	Three months ended June 30, 2014	20,071,059 shares	Three months ended June 30, 2013	20,071,059 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 consolidated results for this quarter

(1) Analysis of results of operations

In the first quarter of the fiscal year under review (April 1, 2014 to June 30, 2014), there were factors that caused instability in the world economy, such as events in China and Russia. However, there was a recovery from the effects of cold weather in the United States, and a mild economic recovery, mainly in the manufacturing industry, in Europe. Looking at the Japanese economy, there was a decline in demand immediately after the hike in consumption tax, in reaction to the rush that had appeared before. But the economy saw a mild recovery, underpinned by robust domestic demand.

Under such circumstances, the electronics industry continued to see strong demand for tablet devices, but there was a slowdown in the growth of smartphones. In addition, there were signs of recovery in demand for flat-screen TVs and personal computers.

Under these circumstances, the Company's Group focused on development and sales of new products for high-density electronic boards. As a result, the CZ series has expanded its market share for use with high-density electronic boards for tablet devices and smartphones. In addition, the EXE series was able to acquire a high market share in the display field.

As a result, net sales for the consolidated first quarter under review amounted to 2,155 million yen (up 24.1% year-on-year). Operating income was 545 million yen (up 168.2% year-on-year), ordinary income was 548 million yen (up 112.9% year-on-year), and net income for the quarter was 327 million yen (up 97.9% year-on-year).

(2) Analysis relating to the financial situation

As a result of a reduction in the amount of cash and cash equivalents as well as buildings and structures held, assets came to 12,550 million yen, down 318 million yen compared with the same period of the previous fiscal year.

Due to a decrease in notes payable and accounts payable, as well as income taxes payable, liabilities came to 2,185 million yen, down 418 million yen compared with the same period of the previous fiscal year.

There was an increase in retained earnings and a decrease in foreign currency translation adjustments, and this meant that net assets were 10,364 million yen, up 99 million yen compared with the same period of the previous fiscal year.

As a result of the above, the equity ratio reached 82.6%.

(3) Analysis of forward-looking information, such as the consolidated earnings forecast

In the "Revision to earnings forecast" press release made on July 31, 2014, we revised our earnings forecasts for the first six months of the fiscal year ending March 31, 2015 and for the fiscal year ending March 31, 2015, which were announced on May 9, 2014. Please refer to that press release for details.

The forecasts mentioned in this material are determined based on the information available at this time.

Actual results may differ from the earnings forecast due to various factors.

2. Matters on summary information (notes)

(1) Changes in important subsidiaries during this quarter

N/A

(2) Application of accounting procedures specified to create quarterly consolidated financial statements

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.

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

Changes in accounting policies

(Application of Accounting Standard for Retirement Benefits, etc.)

We apply “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012; hereinafter “Accounting Standard for Retirement Benefits”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012; hereinafter “Retirement Benefits Guidance”) from the current consolidated first quarter, based on the provisions listed in the body text of Paragraph 35 of the Accounting Standard for Retirement Benefits and the body text of Clause 67 of the Retirement Benefits Guidance, and we reviewed the method used to calculate retirement benefit obligations and service costs and changed the method of calculating the discount rate, as well as changing attribution method for projected retirement benefits from straight-line attribution to benefit-calculating one.

With regard to the application of the Accounting Standard for Retirement Benefits, etc., we follow the transitional handling specified in Paragraph 37 of the Accounting Standard for Retirement Benefits and at the beginning of the current consolidated first quarter, accompanying the change to the method used to calculate retirement benefit obligations and service costs, we add or subtract the amount of impact to retained earnings.

The impact of this change is not material.

3. Consolidated Quarterly Financial Statements
(1) Balance sheet

	(Unit: Thousands of yen)	
	As of March 31, 2014	As of June 30, 2014
ASSETS		
Current assets:		
Cash and deposits	4,070,511	3,789,138
Notes and accounts receivable-trade	2,362,368	2,398,693
Merchandise and finished goods	343,709	315,634
Work in process	37,464	49,555
Raw materials and supplies	257,004	241,312
Deferred tax assets	221,417	201,677
Other	71,374	75,967
Allowance for doubtful accounts	(25,780)	(24,914)
Total current assets	7,338,072	7,047,065
Non-current assets:		
Property, plant and equipment		
Buildings and structures	3,203,590	3,171,168
Accumulated depreciation	(1,839,194)	(1,846,006)
Buildings and structures, net	1,364,396	1,325,161
Machinery, equipment and vehicles	1,828,802	1,803,070
Accumulated depreciation	(1,363,465)	(1,376,212)
Machinery, equipment and vehicles, net	465,337	426,857
Tools, furniture and fixtures	690,355	684,532
Accumulated depreciation	(517,114)	(521,474)
Tools, furniture and fixtures, net	173,241	163,058
Land	2,832,331	2,811,180
Construction in progress	3,070	630
Total property, plant and equipment	4,838,376	4,726,888
Intangible assets	42,282	41,353
Investments and other assets		
Investment securities	405,090	436,036
Net defined benefit asset	137,703	192,456
Deferred tax assets	6,391	6,138
Other	101,851	101,085
Allowance for doubtful accounts	(263)	(252)
Total investments and other assets	650,773	735,464
Total non-current assets	5,531,432	5,503,706
Total assets	12,869,504	12,550,771

	(Unit: Thousands of yen)	
	As of March 31, 2014	As of June 30, 2014
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	891,647	672,956
Accounts payable-other	355,622	267,572
Accrued expenses	59,908	78,643
Income taxes payable	351,175	183,225
Provision for bonuses	220,157	129,065
Reserve for directors' bonuses	30,950	7,150
Other	179,797	245,506
Total current liabilities	2,089,259	1,584,118
Noncurrent liabilities:		
Deferred tax liabilities	420,316	519,363
Net defined benefit liability	67,619	55,385
Other	27,073	27,069
Total non-current liabilities	515,009	601,818
Total liabilities	2,604,268	2,185,937
NET ASSETS		
Shareholders' equity:		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	8,649,354	8,904,304
Treasury stock	(12)	(12)
Total shareholders' equity	9,689,842	9,944,793
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	73,635	92,602
Foreign currency translation adjustment	429,794	257,862
Remeasurements of defined benefit plans	71,963	69,575
Total valuation and translation adjustment	575,393	420,040
Total net assets	10,265,235	10,364,833
Total liabilities and net assets	12,869,504	12,550,771

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

Statement of income

(Statement of income)

(Unit: Thousands of yen)

	Three months ended June 30, 2013 (From April 1, 2013 To June 30, 2013)	Three months ended June 30, 2014 (From April 1, 2014 To June 30, 2014)
Net sales	1,737,001	2,155,911
Costs of sales	654,679	696,063
Gross profit	1,082,321	1,459,847
Selling, general and administrative expenses	878,843	914,154
Operating income	203,477	545,693
Nonoperating income		
Interest income	6,764	6,589
Dividends income	2,315	2,356
Revenue income from trial products	2,816	5,581
Foreign exchange gains	38,110	-
Other	5,246	4,341
Total nonoperating income	55,252	18,868
Nonoperating expenses		
Interest expenses	270	-
Share allocation	865	1,185
Foreign exchange losses	-	15,009
Other	154	173
Total Nonoperating expenses	1,290	16,369
Ordinary income	257,439	548,192
Total extraordinary income		
Gain on sales of noncurrent assets	-	1,998
Total extraordinary income	-	1,998
Extraordinary loss		
Loss on sales of noncurrent assets	1,329	-
Loss on retirement of noncurrent assets	236	781
Total extraordinary loss	1,566	781
Income before income taxes	255,873	549,409
Total income taxes	90,193	221,470
Income before minority interests	165,679	327,938
Net income	165,679	327,938

(Statements of comprehensive income)		(Unit: Thousands of yen)	
	Three months ended June 30, 2013 〔 From April 1, 2013 To June 30, 2013 〕	Three months ended June 30, 2014 〔 From April 1, 2014 To June 30, 2014 〕	
Income (loss) before minority interests	165,679	327,938	
Other comprehensive income			
Valuation defference on available for sales securities	10,151	18,966	
Foreign currency translation adjustment	246,271	(171,931)	
Remeasurements of defined benefit plans, net of tax	-	(2,387)	
Other comprehensive income	256,422	(155,352)	
Comprehensive income	422,102	172,586	
[Comprehensive income attributable to]			
Comprehensive income attributable to owners of the parent	422,102	172,586	
Comprehensive income attributable to minority interests	-	-	

(3) Notes on quarterly consolidated financial statements

(Notes on the premise of a going concern)

N/A

(Notes on marked changes in the amount of shareholders' equity)

N/A