Consolidated Financial Results for the Third Quarter Ended December 31, 2009

January 29, 2010

Company Name:	MEC COMPANY LTD.	
Stock Exchange Listing:	Tokyo Stock Exchange - 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 begin dividend payment:	-	

(Amount less than one million yen has been disregarded)

1. Consolidated financial results for the third quarter ended December 31, 2009 (from April 1, 2009 to December 31, 2009)

(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 (%)
Nine months ended December 31,2009	4,364	(29.1)	527	(55.7)	534	(49.8)	461	(38.5)-
Nine months ended December 31, 2008	6,153	-	1,189	-	1,064	-	750	-

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2009	23.00	-
Nine months ended December 31, 2008	36.86	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
December 31, 2009	10,177	8,084	79.4	402.77
March 31, 2009	9,731	7,780	80.0	387.64

(Note) Shareholders' equity: December 30, 2009 8,084 million yen March 31, 2008 7,780 million yen

2. Dividends

	Dividends per share				
(Record date)	June 30	Sept.30	Dec.31	Year-end	Annual
		yen		yen	yen
Year ended March 31,2009	-	8.00	-	8.00	16.00
Year ending March 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 March 31, 2010 (from April 1, 2009 to March 31, 2010)

	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 March 31, 2010	5,933	(14.7)	710	(19.1)	739	(0.8)	575	(99.8)	28.65

(Note) Revise of consolidated forecast: 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.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: No

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

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)

Nine months ended December 31, 2009 : 20,371,392 shares

Year ended March 31, 2009 : 20,371,392 shares

[2] Number of treasury stock

Nine months ended December 31, 2009 : 300,133 shares

Year ended March 31,2009 : 300,033 shares

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

Nine months ended December 31 ,2009 : 20,071,334 shares

Nine months ended December 31, 2008 : 20,371,359 shares

* Explanation of appropriate use of earnings 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. Earnings Forecasts” under “Qualitative Information, Financial Statements, etc” on page 4.

Qualitative Information, Financial Statements, etc.

1. Qualitative information pertaining to consolidated operating results

Looking at the Japanese economy in the consolidated nine months under review, as ever the economic outlook continued to remain uncertain owing to the yen's appreciation and deflation, in addition to lower capital investment and a deteriorated employment environment. From a global perspective, the electronics industry is continuing to see healthy shipments of computers installed with a new OS and flat-screen TVs, and there are also signs of recovery in demand in the printed circuit board industry.

Amid this situation, sales of chemicals for computers and flat-screen TVs have been relatively steady. In addition, sales of our conventional chemicals struggled in some respects, though sales to the Chinese market are proceeding as planned. Further, to achieve those planned sales we focused on new product development.

As a result, our net sales in the first nine months of the current term amounted to 4.364 billion yen (down 29.1% year-on-year), operating income was 527 million yen (down 55.7% year-on-year), ordinary income was 534 million yen (down 49.8% year-on-year), and net income for the quarter was 461 million yen (down 38.5% year-on-year).

2. Qualitative information pertaining to consolidated financial positions

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

Assets amounted to 10.177 billion yen, up 446 million yen compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in notes and accounts receivable—trade of 513 million yen owing to higher sales.

Liabilities were 2.093 billion yen, up 142 million yen compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in notes and accounts payable—trade of 169 million yen owing to higher sales.

In addition, net assets were 8.084 billion yen, up 303 million yen compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in retained earnings of 220 million yen.

(2) Analysis of cash flows

The balance of cash and cash equivalents (hereinafter "cash") at the end of the first nine months of the current term was 2.634 billion yen. This was an increase of 424 million yen compared with the end of the previous consolidated fiscal last year.

Various cash flows in the consolidated nine months under review and their causal factors are as follows:

Cash flow from operating activities

Cash from operating activities amounted to 516 million yen (down 263 million yen year-on-year). This was mainly because net income before income taxes was 558 million yen and depreciation expenses were 243 million yen, and because accounts payable increased by 170 million yen, which helped to increase cash. However, factors for reduced cash included an increase of 519 million yen in accounts receivables, which offset some of the increase in cash.

Cash flow from investing activities

Cash from investing activities amounted to 157 million yen (864 million yen was used in the corresponding period of the previous year). This was mainly due to an expenditure of 322 million yen to acquire tangible fixed assets. However, factors for increased cash included withdrawals of fixed deposits in the net amount of 420 million yen.

Cash flow from financing activities

As a result of financing activities, cash used amounted to 239 million yen (down 124 million yen year-on-year). This was mainly due to our dividend payments of 239 million yen.

3. Earnings Forecasts

On January 29, 2010, 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 March. 31, 2010

(from April 1, 2009 to March 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)	6,066	671	656	341	17.00
Currently revised forecast (B)	5,933	710	739	575	28.65
Change in value (B-A)	(132)	39	82	233	—
Rate of change (%)	(2.2)	5.8	12.6	68.5	—
(Reference) Results for the previous term (Term ended March 2009)	6,954	878	733	287	14.16

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

(from April1, 2009 to March 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)	4,529	35	337	219	10.93
Currently revised forecast (B)	4,366	79	393	365	18.23
Change in value (B-A)	(163)	43	56	146	—
Rate of change (%)	(3.6)	123.7	16.6	66.9	—
(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 " Announcement of a revision of the earnings forecast," announced on January 29, 2010.

4. Others

(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:

1. Concise accounting procedures

With respect to determination of the collectability of deferred income tax assets, in cases where no marked changes have been recognized in the management environment, etc, or in the occurrence of temporary differences since the end of the previous consolidated accounting year, the Company determines the collectability of deferred income tax assets based on the future earnings forecast and tax planning used in the settlement of accounts for the previous consolidated accounting year. In cases where there have been marked changes in the management environment, etc, or where marked changes have been recognized in the occurrence of temporary differences since the end of the previous consolidated accounting year, the Company determines the collectability of deferred income tax assets based on the future earnings forecast and tax planning used in the settlement of accounts for the previous consolidated accounting year also taking the impact of significant changes into consideration.

2. Accounting treatment specific to the preparation of 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.

With this in mind, the value of income taxes deferred is included under income taxes.

(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 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 companies after the change

5

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 nine months of the term under review increased by 46.953 million yen, operating income was up 14.363 million yen, ordinary income increased by 14.973 million yen, and quarterly net income before income taxes was up 15.373 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)

In the first consolidated nine months of the previous term, we included purchase of long-term prepaid expenses in its own category in cash flows from investing activities. However, because the importance of this accounting item has declined, from the consolidated nine months under review we will include it in the section of “Others” in cash flows from investing activities.

Furthermore, in the consolidated nine months under review, the purchase of long-term prepaid expenses included in the “Others” section of cash flows from investing activities amounted to minus 300,000 yen.

5 . Consolidated quartery financial statements

(1) Consolidated quartery balance sheets

(unit : 1,000yen)

	As of December 31, 2009	As of March. 31, 2009
(Assets)		
Current assets		
Cash and deposits	3,648,072	3,584,544
Notes and accounts receivable-trade	1,891,078	1,377,451
Short-term investment seburities	-	50,000
Merchandise and finished goods	252,788	231,015
Raw materials and supplies	182,743	238,558
Deferred tax assets	34,972	38,074
Income taxes receivable	18,346	150,349
Other	57,116	64,478
Allowance for doubtful accounts	(9,795)	(11,626)
Total current assets	6,075,323	5,722,846
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	2,699,477	2,693,134
Accumulated depreciation	(1,386,055)	(1,304,122)
Buildings and structures, net	1,313,422	1,389,012
Machinrery, equipment and vehicles	1,495,183	1,490,721
Accumulated depreciation	(1,131,792)	(1,031,013)
Machinery, equipment and vehicles, net	363,391	459,707
Tools, furniture and fixtures	530,234	531,159
Accumulated depreciation	(393,221)	(380,419)
Tools, furniture and fixtures, net	137,012	150,739
Land	1,172,178	1,167,488
Construction in progress	437,257	248,373
Total property, plant and equipment	3,423,262	3,415,321
Intangible assets		
Goodwill	9,068	14,212
Other	43,568	47,542
Total intangible assets	52,636	61,754
Investsments and other assets		
Investment securities	506,878	381,297
Other	127,561	178,771
Allowance for doubtful accounts	(8,047)	(28,530)
Total investments and other assets	626,392	531,537
Total noncurrent assets	4,102,291	4,008,613
Total Assets	10,177,614	9,731,460

(unit : 1,000 yen)

	As of December. 31, 2009	As of March 31, 2009
(LIABILITIES)		
Current liabilities		
Notes and accounts payable-trade	562,080	392,210
Short-term loans payable	480,000	480,000
Accounts payable-other	183,162	149,240
Accrued expenses	44,587	29,210
Income taxes payable	77,309	126,320
Provision for bonuses	76,022	103,716
Provision for directors' bonuses	14,175	-
Other	88,227	123,825
Total current liabilities	1,525,564	1,404,523
Noncurrent liabilities		
Deferred tax liabilities	415,872	427,002
Provision for retirement benefits	44,807	16,704
Other	107,365	102,827
Total noncurrent liabilities	568,044	546,534
Total liabilities	2,093,609	1,951,057
(NET ASSETS)		
Shareholders' equity		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	7,645,629	7,424,761
Treasury stock	(92,740)	(92,677)
Total shareholders' equity	8,593,390	8,372,585
Valuation and translation adjustments		
Valuation difference on available-for-sales securities	74,093	(4,714)
Foreign currency translation adjustment	(583,478)	(587,468)
Total valuation and translation adjustments	(509,385)	(592,182)
Total net assets	8,084,005	7,780,402
Total liabilities and net assets	10,177,614	9,731,460

（2）Consolidated quartery statements of income

(unit : 1,000yen)

	Nine months ended December 31, 2008 (From April 1, 2008 To December 31, 2008)	Nine months ended December 31, 2009 (From April 1, 2009 To December 31, 2009)
Net Sales	6,153,940	4,364,460
Cost of sales	2,473,841	1,660,235
Gross profit	3,680,098	2,704,225
Selling, general administrative expenses	2,490,328	2,176,633
Operating income	1,189,770	527,592
Non-operating income		
Interest income	28,399	26,161
Dividends income	13,465	9,230
Gain on sales of investment securities	-	1,582
Rent income on facilities	10,695	-
Other	11,280	17,016
Total non-operating income	63,840	53,981
Non-operating expenses		
Interest expenses	4,320	4,631
Loss on sales of securities	-	420
Loss on valuation of investment securities	110,063	574
Foreign exchange losses	62,179	33,304
Rent expenses on facilities	1,620	-
Other	11,369	8,057
Total non-operating expenses	189,552	46,987
Ordinary income	1,064,058	534,585
Extraordinary income		
Gain on sales of noncurrent assets	426	339
Surrender value of insurance	100,909	9,479
Reversal of allowance for doubtful accounts	-	699
Reversal of foreign currency translation adjustment	-	16,845
Total extraordinary income	101,335	27,363
Extraordinary loss		
Loss on sale of noncurrent assets	54	1,379
Loss on retirement of noncurrent assets	4,544	2,470
Impairment loss	18,193	-
Total extraordinary loss	22,791	3,849
Income before income taxes	1,142,602	558,098
Income taxes	391,731	96,374
Net income	750,871	461,724

（3）Consolidated quartery statements of cash flow

(unit : 1,000yen)

	Nine months ended December 31, 2008 (From April 1, 2008 To December 31, 2008)	Nine months ended Decdember 31, 2009 (From April 1, 2009 To December 31, 2009)
Net cash provided by (used in) operating activities		
Income before income taxes	1,142,602	558,098
Depreciation and amortization	277,625	243,361
Impairment loss	18,193	-
Increase (decrease) in allowance for doubtful accounts	16,932	(16,627)
Increase (decrease) in provision for bonuses	(82,764)	(27,283)
Increase (decrease) in provision for directors' bonuses	-	14,175
Increase (decrease) in provision for retirement benefits	10,202	28,102
Interest and dividends income	(41,865)	(35,381)
Loss (gain) on cancellation of insurance contract	(100,909)	(9,479)
Interest expenses	4,320	4,631
Loss (gain) on sales of investment securities	110,063	574
Loss on recycling of foreign currency translation adjustment (gain)	-	(16,845)
Decrease (increase) in notes and accounts receivable-trade	479,309	(519,109)
Decrease (increase) in inventories	(132,936)	58,318
Increase (decrease) in notes and accounts payable-trade	(300,598)	170,145
Other,net	(97,958)	122,061
Subtotal	1,302,216	574,743
Interest and dividends income received	41,111	34,887
Interest expenses paid	(5,228)	(5,004)
Income taxes refund	-	151,941
Income taxes paid	(558,218)	(240,419)
Net cash provided by (use in) operating activities	779,881	516,149
Net cash provided by (used in) investment activities		
Payments into time deposits	(1,456,389)	(1,076,726)
Proceeds from withdrawal of time deposits	889,132	1,497,432
Purchase of property, plant and equipment	(489,787)	(322,507)
Proceeds from sale of property, plant and equipment	19,119	2,083
Purchase of intangible assets	(6,940)	-
Purchase of inevestment securities	(15,408)	(12,959)
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	(21,033)	-
Other,net	1,209	2,273
Net cash provided by (used in) investment activities	(864,575)	157,874
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	280,000	280,000
Decrease in short-term loans payable	(280,000)	(280,000)
Purchase of treasury stock	-	(63)
Cash dividends paid	(364,230)	(239,771)
Net cash provided by (used in) financing activities	(364,230)	(239,834)
Effect of exchange rate change on cash and cash equivalents	(40,141)	(9,816)
Net increase (decrease) in cash and cash equivalents	(489,066)	424,373
Cash and cash equivalents at beginning of period	2,792,447	2,209,945
Cash and cash equivalents at end of period	2,303,381	2,634,319

(4) Notes on premises as a going concern

None

(5) Segment information

[Information by operating segment]

Previous term's corresponding consolidated nine months (from April 1, 2008 to December 31, 2009) and this term's consolidated nine months under review (from April 1, 2009 to December 31, 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]

Nine months ended December 31, 2008 (from April 1, 2008 to December 31, 2008)

(Unit thousands of yen)

	Japan	Asia	Europe	Other	Total	Elimination or corporate	Consolidated
Net Sales							
(1) Outside customers	3,144,288	2,477,998	531,653	-	6,153,940	-	6,153,940
(2) Inter-segment sales and transfers	831,122	591	-	-	831,714	(831,714)	-
Total	3,975,411	2,478,589	531,653	-	6,985,655	(831,714)	6,153,940
Operating profit/(loss)	576,634	975,302	41,179	(580)	1,592,535	(402,765)	1,189,770

Nine months ended December 31, 2009 (from April 1, 2009 to December 31, 2009)

(Unit: thousands of yen)

	Japan	Asia	Europe	Other	Total	Elimination or corporate	Consolidated
Net Sales							
(1) Outside customers	2,560,189	1,533,033	271,237	-	4,364,460	-	4,364,460
(2) Inter-segment sales and transfers	679,432	3,376	-	-	682,808	(682,808)	-
Total	3,239,622	1,536,409	271,237	-	5,047,269	(682,808)	4,364,460
Operating profit/(loss)	425,567	481,031	(21,697)	(1,504)	883,397	(355,804)	527,592

(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. 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]

Nine months ended December 31, 2008 (from April 1, 2008 to December 31, 2008)

	Asia	Europe	Other	Total
I Overseas sales (thousands of yen)	2,601,664	482,887	28,935	3,113,488
II Consolidated sales (thousands of yen)				6,153,940
III Percentage of overseas sales to consolidated sales (%)	42.3	7.8	0.5	50.6

[Overseas sales]

Nine months ended December 2009 (from April 1, 2009 to December 31, 2009)

	Asia	Europe	Other	Total
I Overseas sales (thousands of yen)	1,673,720	248,360	13,979	1,936,061
II Consolidated sales (thousands of yen)				4,364,460
III Percentage of overseas sales to consolidated sales (%)	38.3	5.7	0.4	44.4

(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” rose by 50.911 million yen, in the category of “Europe” they were down by 3.868 million yen, and in the category of “Other regions” they fell by 88,000 yen; meanwhile, consolidated sales grew by 46.953 million yen.

(6) Notes in the case of marked changes in shareholder capital: None