

Consolidated Financial Results for the Third Quarter Ended December 31, 2010 (Japanese GAAP)

January 31, 2011

Company name: MEC COMPANY LTD.
 Stock exchange listing: TSE - First section Securities code: 4971
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Schedule date to submit securities report: February 10, 2011

Schedule date to begin dividend payment: -

Creation of reference materials supplementary to the quarterly results: Yes

Holding of briefing sessions regarding the quarterly results: Yes

(Amount less than one million yen has been disregarded)

1. Consolidated financial results for the third quarter ended December 31, 2010 (April 1, 2010 – December 31, 2010)

(1) Financial results

Note: Percentages indicate changes from previous year.

	Net sales		Operating income		Ordinary income		Net income	
	¥ Million	Change(%)	¥ Million	Changes (%)	¥ Million	Changes (%)	¥ Million	Changes (%)
Nine months ended December 31, 2010	5,350	22.6	797	51.2	778	45.6	554	20.2
Nine months ended December 31, 2009	4,364	(29.1)	527	(55.7)	534	(49.8)	461	(38.5)

	Net income per share	Diluted net income per share
	¥	¥
Nine months ended December 31, 2010	27.65	-
Nine months ended December 31, 2009	23.00	-

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	¥
December 31, 2010	10,947	8,547	78.1	425.88
March 31, 2010	10,746	8,429	78.4	419.96

(Note) Shareholders' equity: December 31, 2010 8,547 million yen March 31, 2010 8,429 million yen

2. Dividends

(Record date)	Dividends per share				
	June 30	Sept.30	Dec.31	Year-end	Annual
	¥	¥	¥	¥	¥
Year ended March 31, 2010	-	4.00	-	4.00	8.00
Year ending March 31, 2011	-	4.00	-		
Year ending March 31, 2011 (forecast)			-	14.00	18.00

(Note). Revise of dividends forecast: Yes

On January 30, 2011, the Company marked 10 years of being a listed company. Accompanying this, we decided to add a commemorative dividend of 10 yen per share to the previous estimate of 4 yen per share as the dividend for the fiscal year ending March 31, 2011. This makes for a total dividend of 14 yen per share.

3. Consolidated financial forecast for the year ending March 31, 2011 (April 1, 2010 - March 31, 2011)

Note: Percentages indicate changes from previous year.

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ Million	Changes (%)	¥ Million	change (%)	¥ Millions	Change (%)	¥ Million	Changes (%)	¥
Year ending March 31, 2011	6,881	12.8	978	22.5	852	5.9	534	(25.2)	26.61

(Note) Revise of consolidated forecast: None

4. Other (for details, see "Others" on p. 3 of the attached materials)

(1) Changes in important subsidiaries during this quarter: None

Newly consolidated companies 0; companies excluded from the scope of consolidation: 0

Note: This refers to changes to specified subsidiaries accompanying changes in the scope of consolidation during the quarter

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

Note: This refers to the application of concise accounting procedures and particular accounting procedures when creating quarterly consolidated financial statements during the quarter.

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

[1] Changes in association with a revision of accounting standards, etc: Yes

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

Note: This refers to 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)

(4) Number of outstanding shares (Common shares)

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

[2] Number of treasury stock at end of term

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

[1] Nine months ended December 31, 2010	20,071,093 shares	Year ended March 31, 2010	20,371,392 shares
[2] Nine months ended December 31, 2010	- shares	Year ended March 31, 2010	300,133 shares
[3] Nine months ended December 31, 2010	20,071,158 shares	Year ended March 31, 2010	20,071,334 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 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. 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 earning forecasts" on page 2.

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1. Qualitative information regarding consolidated results for this quarter

(1) Qualitative information on consolidated operating results

The world economy in the consolidated nine months under review has emerged from the worst period thanks to economic measures taken by various countries, and is now on a mild recovery trend. However, the employment situation is still severe, and it is proving hard to dispel uncertainty about the future.

In Japan, there are signs of a recovery in corporate earnings thanks mainly to increased exports to emerging countries in Asia. However, there is also anxiety due to the persistently strong yen and ongoing deflation, in addition to a slowdown in capital spending and a slump in consumer spending.

Under these circumstances, the electronics industry is seeing brisk sales of devices such as smartphones and tablet PCs. However, overall there are still no signs of strong demand driven by sales over the holiday season.

In the electronic circuit board industry, there has been steady production of high-density electronic boards, mainly package substrates, for smartphones. Nevertheless, as with the electronics industry, overall we have yet to see a clear recovery trend.

In this operating environment, the Company's Group has poured its efforts into selling and offering technical support for chemicals for high-density electronic substrates, centering on microetchants for super roughened copper surfaces and multi-layered electronic substrate pretreatment.

As a result, total consolidated sales for the third quarter amounted to 5,350 million yen (up 22.6% year-on-year).

Consolidated operating profit was 797 million yen, an increase of 51.2% compared with the previous year, consolidated ordinary profit was 778 million yen, an increase of 45.6% compared with the previous year, and consolidated net income for the current period was 554 million yen, an increase of 20.2% compared with the previous year.

(2) Qualitative information on consolidated financial position

Assets, liabilities and net assets

Looking at assets, the acquisition of land on which to build a new plant meant that the Company saw a decrease in cash and cash equivalents. In tandem with this, there was an increase in land, which forms a part of tangible fixed assets. As a result, assets amounted to 10,947 million yen, up 200 million yen compared with the end of the previous consolidated fiscal year.

Looking at liabilities, accounts payable increased because of an increase in accounts payable for equipment. However, there was a decrease in deferred tax liabilities due to the falling stock market.

As a result, liabilities were 2,399 million yen, up 81 million yen compared with the end of the previous consolidated fiscal year.

Looking at net assets, an increase in net income for the period meant the Company saw an increase in retained earnings. As a result, net assets were 8,547 million yen, up 118 million yen compared with the end of the previous consolidated fiscal year.

As a result of the above, the equity ratio reached 78.1%.

(3) Qualitative information on consolidated earnings forecasts

There is no change to the details announced on October 27, 2010.

2. Other information

(1) Summary of changes to significant subsidiaries

N/A

(2) Summary of concise accounting procedures or particular accounting procedures

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) Summary of principles, procedures, presentation methods, etc, in accounting procedures

1. Changes in association with a revision of accounting standards, etc.

From the consolidated first quarter under review, we have been applying "Accounting Standards for Asset Retirement Obligations" (ASBJ Statement No. 18; March 31, 2008) and "Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21; March 31, 2008).

This application has a minimal effect on our profit and loss, and a minimal effect on changes in the amount of our asset retirement obligations.

2. Changes in the presentation of the financial statements

Based on the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; December 26, 2008) we have applied "Partially Revised Cabinet Office Ordinance including the regulation for terminology, forms and preparation of quarterly financial statements" (Cabinet Office Ordinance No. 5; March 24, 2009). As a result of this application, during the consolidated third quarter under review the item of "Quarterly net income before minority interests" has been presented.

3. Consolidated quarterly financial statements**(1) Consolidated quarterly balance sheets**

(Unit: 1,000yen)

	As of December 31, 2010	As of March 31, 2010
ASSETS		
Current assets:		
Cash and deposits	2,599,484	4,081,071
Notes and accounts receivable-trade	2,052,434	1,979,655
Merchandise and finished goods	230,378	233,356
Raw materials and supplies	204,139	190,971
Deferred tax assets	124,454	121,768
Other	55,480	47,894
Allowance for doubtful accounts	(9,602)	(10,215)
Total current assets	5,256,769	6,644,503
Non-current assets:		
Property, plant and equipment		
Buildings and structures	2,721,293	2,711,708
Accumulated depreciation	(1,455,289)	(1,413,547)
Buildings and structures, net	1,266,004	1,298,160
Machinery, equipment and vehicles	1,477,819	1,504,004
Accumulated depreciation	(1,149,380)	(1,164,365)
Machinery, equipment and vehicles, net	328,439	339,639
Tools, furniture and fixtures	554,449	547,659
Accumulated depreciation	(419,895)	(406,566)
Tools, furniture and fixtures, net	134,554	141,093
Land	3,272,381	1,182,290
Construction in progress	101,167	440,673
Total property, plant and equipment	5,102,546	3,401,857
Intangible assets		
Goodwill	1,813	7,254
Other	38,495	42,902
Total intangible assets	40,308	50,157
Investments and other assets		
Investment securities	430,855	530,054
Other	119,928	121,165
Allowance for doubtful accounts	(3,229)	(1,188)
Total investments and other assets	547,554	650,031
Total non-current assets	5,690,409	4,102,046
Total	10,947,179	10,746,550

(Unit: 1,000yen)

	As of December 31, 2010	As of March 31, 2010
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	614,363	612,499
Short-term loans payable	480,000	480,000
Accounts payable-other	268,335	227,756
Accrued expenses	57,526	38,088
Accrued income taxes	106,164	126,754
Reserve for bonuses	81,507	131,477
Reserve for directors' bonuses	7,650	-
Other	148,351	87,539
Total current liabilities	1,763,899	1,704,116
Non-current liabilities:		
Deferred tax liabilities	438,109	445,276
Provision for retirement benefits	89,029	59,694
Other	108,288	108,390
Total non-current liabilities	635,427	613,361
Total	2,399,327	2,317,477
NET ASSETS		
Shareholders' equity:		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	8,199,345	7,897,763
Treasury stock	-	(92,740)
Total shareholders' equity	9,239,846	8,845,523
Valuation and translation adjustments:		
valuation difference on available-for-sale securities	83,656	84,858
Foreign currency translation and adjustment	(775,649)	(501,309)
Total valuation and translation adjustment	(691,993)	(416,450)
Total net assets	8,547,852	8,429,072
Total liabilities and net assets	1,094,179	10,746,550

(2) Consolidated quarterly statements of income

(Unit: 1,000yen)

	Nine months ended December 31, 2009 〔 From April 1, 2009 To December 31, 2009 〕	Nine months ended December 31, 2010 〔 From April 1, 2010 To December 31, 2010 〕
Net sales	4,364,460	5,350,042
Costs of sales	1,660,235	2,201,623
Gross profit	2,704,225	3,148,418
Selling, general and administrative expenses	2,176,633	2,350,742
Operating income	527,592	797,676
Non-operating income		
Interest income	26,161	11,001
Dividends income	9,220	7,881
Gain on sales of investment securities	1,582	18,149
Foreign exchange gains	-	6,507
Other	17,016	13,672
Non-operating income	53,981	57,211
Non-operating expenses		
Interest expenses	4,631	3,546
Loss on sales of securities	420	-
Loss on valuation of investment securities	574	64,832
Loss on abandonment of inventories	33,304	-
Other	8,057	8,209
Non-operating expenses	46,987	76,589
Ordinary income	534,585	778,298
Extraordinary income		
Gain on sales of non-current assets	339	1,511
Surrender value of insurance	9,479	1,549
Reveral of allowance for doubtful accounts	699	-
Reversal of foreign currency translation adjustments	16,845	-
Extraordinary income	27,363	3,061
Extraordinary loss		
Loss on sales of non-current assets	1,379	1,944
Loss on retirement of non-current assets	2,470	7,334
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	2,570
Extraordinary loss	3,849	11,849
Income before income taxes	558,098	769,510
Income taxes	96,374	214,542
Income before minority interests	-	554,968
Net income	461,724	554,968

- (3) Notes on the premise of a going concern
N/A

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

At its board meeting held on October 29, 2010, the Company's board of directors resolved to retire treasury stock pursuant to Article 178 of the Companies Act. Thus, on November 30, 2010 we retired the said stock as follows.

- (1) Class of shares retired: common stock
- (2) Number of stocks retired: 300,299
- (3) Total value of retired stock: 92,816,000 yen