



Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2012 (Japanese GAAP)

July 29, 2011

Stock Exchange Listing: TSE - First Section

Company Name: MEC COMPANY LTD.
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Scheduled date submission of a quarterly report August 12, 2011
 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 investors)

(Amounts less than one million yen have been disregarded)

1. Consolidated financial results for the first quarter of the fiscal year ending March 31, 2012 (April 1, 2011 - June 30, 2011)

(1) Financial results (April 1, 2011 – June 30, 2011)

Note: Percentages indicate year-on-year changes.

	Net sales		Operating income		Ordinary income		Net income	
	¥ Million	Change (%)	¥ Million	Change (%)	¥ Million	Change (%)	¥ Million	Change (%)
Three months ended June 30, 2011	1,741	(1.8)	286	7.1	275	23.5	(107)	—
Three months ended June 30, 2010	1,773	48.6	267	420.6	222	164.8	178	239.5

(Note) Comprehensive income: June 30, 2011: -31 million yen (—%)
 June 30, 2010: 220 million yen (—%)

	Net income per share	Diluted net income per share
Three months ended June 30, 2011	¥ (5.35)	¥ —
Three months ended June 30, 2010	8.91	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
June 30, 2011	¥ Million 10,217	¥ Million 7,864	77.0%	¥ 391.84
March 31, 2011	10,521	8,176	77.7	407.40

(Note) Shareholders' equity: June 30, 2011: 7,864 million yen
 March 31, 2011: 8,176 million yen

2. Dividends

	Annual dividend				
	1Q	2Q	3Q	4Q	Total
Year ended March 31, 2011	—	¥ 4.00	—	¥ 14.00	¥ 18.00
Year ending March 31, 2012	—				
Year ending March 31, 2012 (Estimated)		4.00	—	4.00	8.00

(Note) Revision of recently announced dividends forecast: None

3. Consolidated Financial Forecast for the Year Ending March 31, 2012 (April 1, 2011 - March 31, 2012)

Note: Percentages indicate changes from previous year for full-year figures, and year-on-year changes for the second quarter (Cumulative total).

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ Million	Change (%)	¥ Million	change (%)	¥ Millions	Change (%)	¥ Million	Change (%)	¥
The second quarter (Cumulative total)	3,200	(10.3)	350	(34.6)	327	(29.8)	(91)	—	(4.55)
Year ending March 31, 2012	6,650	(5.7)	868	(5.5)	823	(6.2)	301	121.3	15.01

(Note) Revision of recently announced dividends forecast: None

4. Other

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

Newly consolidated companies — (Company name)

Excluded companies — (Company name)

- (2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, please see “Application of accounting treatment specific to the preparation of quarterly consolidated financial statements” on page 3 of the attached materials.

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

[1] Changes in association with a revision of accounting standards, etc.: No

[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)

[2] Number of treasury stock at end of term

[3] Average number of shares during term (Quarterly consolidated year to date)

[1] Three months ended June 30, 2011	20,071,093 shares	Year ended March 2011	20,071,093 shares
[2] Three months ended June 30, 2011	34 shares	Year ended March 2011	— shares
[3] Three months ended June 30, 2011	20,071,085 shares	Three months ended June 30, 2010	20,071,237 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 and 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 Financial Forecasts” on page 2.

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1. Qualitative information regarding consolidated results for this quarter

(1) Qualitative information on consolidated operating results

In the world economy in the consolidated three months under review, there were concerns about financial and fiscal issues in the U.S. and the euro area, and it has proved hard to dispel uncertainty about the future.

In Japan, the Great East Japan Earthquake that occurred on March 11 gave rise to concerns about instability such as the stagnation of economic activity or the issue of power shortages in summer. Consequently, the economic outlook has become very uncertain.

In this environment, the electronics industry saw steady sales of devices such as smartphones and tablet PCs. However, there has been a slump in sales of flat-screen TVs and PCs, and overall no strong demand was observed. The electronic circuit board industry, including high-density electronic boards, has generally entered a slump. 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 China.

As a result, total consolidated sales for the first quarter amounted to 1,741 million yen (down 1.8% year-on-year). Operating income was 286 million yen (up 7.1% year-on-year) and ordinary income was 275 million yen (up 23.5% in comparison with the same period of the previous year). However, we recorded a net loss of 244 million yen because we paid additional tax after receiving a notice from a taxation bureau relating to transfer pricing taxation. Consequently, net income was 107 million yen (compared with a net income of 178 million yen in the same quarter of the previous year).

(2) Qualitative information on consolidated financial situation

Assets, liabilities and net assets

As a result of paying dividends and tax in Japan, the amount of cash on hand and in banks fell, and so assets came to 10,217 million yen, down 303 million yen compared with the previous fiscal year.

Liabilities increased because of factors such as a revision to Japan's corporate tax system. This meant there was an increase in income taxes payable. Also, a decrease in notes payable-facilities caused a decrease in other accounting items. As a result, liabilities came to 2,352 million yen, an increase of 8 million yen compared with the previous fiscal year.

There was a fall in retained earnings owing to the posting of a quarterly net loss and the payment of dividends. Consequently, net assets came to 7,864 million yen, down 312 million yen compared with the previous fiscal year.

As a result of the above, the equity ratio reached 77.0%.

(3) Qualitative information on consolidated earnings forecasts

Consolidated earnings forecasts for the fiscal year ending March 31, 2012 (April 1, 2011 to March 31, 2012)

	Sales	Operating income	Ordinary income	Net income	Net income per share
	¥ million	¥ million	¥ million	¥ million	¥
Current forecast (announced on June 29, 2011)	6,650	868	823	301	15.01
Results for the previous term (fiscal year ended March 31, 2011)	7,049	919	877	136	6.80

We declined to make full-year earnings forecast for of the fiscal year ending March 31, 2012. This is because it was difficult to reasonably calculate such forecasts owing to the Great East Japan Earthquake. There are factors such as anticipated future trends in demand and a tight supply of electric power accompanying the reconstruction from the earthquake, as well as prospects for an economic recovery, so uncertainty still remains. However, we have developed some forecasts based on information available at the moment and predictions, and we announced them on June 29, 2011.

2. Other information

(1) Summary of changes to significant subsidiaries

N/A

(2) Application of 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 estimated 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. Quarterly Consolidated Financial Statements
(1) Balance sheet

	(Unit: Thousands of yen)	
	As of March 31, 2011	As of June 30, 2011
ASSETS		
Current assets:		
Cash and deposits	2,873,862	2,731,557
Notes and accounts receivable-trade	1,907,656	1,799,458
Merchandise and finished goods	218,376	191,231
Work in process	50,034	29,538
Raw materials and supplies	194,961	205,974
Deferred tax assets	114,406	85,102
Other	43,046	55,155
Allowance for doubtful accounts	(18,656)	(14,158)
Total current assets	5,383,688	5,083,859
Non-current assets:		
Property, plant and equipment		
Buildings and structures	2,728,359	2,752,973
Accumulated depreciation	(1,475,620)	(1,513,376)
Buildings and structures, net	1,252,738	1,239,597
Machinery, equipment and vehicles	1,437,268	1,444,260
Accumulated depreciation	(1,119,322)	(1,142,486)
Machinery, equipment and vehicles, net	317,946	301,773
Tools, furniture and fixtures	559,316	567,741
Accumulated depreciation	(433,130)	(446,819)
Tools, furniture and fixtures, net	126,185	120,922
Land	2,815,259	2,822,736
Construction in progress	49,618	101,659
Total property, plant and equipment	4,561,748	4,586,689
Intangible assets	37,433	36,371
Investments and other assets		
Investment securities	422,246	396,077
Other	120,214	118,422
Allowance for doubtful accounts	(3,918)	(4,004)
Total investments and other assets	538,543	510,495
Total non-current assets	5,137,724	5,133,555
Total assets	10,521,412	10,217,414

	(Unit: Thousands of yen)	
	As of March 31, 2011	As of June 30, 2011
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	583,172	561,260
Short-term loans payable	480,000	480,000
Accounts payable-other	204,098	189,608
Accrued expenses	44,037	172,969
Income taxes payable	122,070	206,492
Provision for bonuses	151,000	68,961
Other	186,374	105,912
Total current liabilities	<u>1,770,753</u>	<u>1,785,204</u>
Noncurrent liabilities:		
Deferred tax liabilities	368,707	350,404
Provision for retirement benefits	99,137	106,287
Other	105,904	110,935
Total non-current liabilities	<u>573,749</u>	<u>567,628</u>
Total liabilities	<u>2,344,502</u>	<u>2,352,833</u>
NET ASSETS		
Shareholders' equity:		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	7,780,948	7,392,480
Treasury stock	-	(12)
Total shareholders' equity	<u>8,821,449</u>	<u>8,432,969</u>
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	70,517	53,427
Foreign currency translation adjustment	(715,057)	(621,814)
Total valuation and translation adjustment	<u>(644,539)</u>	<u>(568,387)</u>
Total net assets	<u>8,176,910</u>	<u>7,864,581</u>
Total liabilities and net assets	<u>10,521,412</u>	<u>10,217,414</u>

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

	(Unit: Thousands of yen)	
	Three months ended June 30, 2010 〔 From April 1, 2010 To June 30, 2010 〕	Three months ended June 30, 2011 〔 From April 1, 2011 To June 30, 2011 〕
Net sales	1,773,301	1,741,298
Costs of sales	736,460	718,755
Gross profit	1,036,841	1,022,543
Selling, general and administrative expenses	769,112	735,674
Operating income	267,728	286,869
Nonoperating income		
Interest income	3,560	3,862
Dividends income	2,664	3,064
Profit share allocation	5,218	-
Other	3,349	4,050
Total nonoperating income	14,793	10,978
Nonoperating expenses		
Interest expenses	1,318	1,131
Loss on valuation of investment securities	1,221	-
Foreign exchange losses	53,777	20,074
Other	3,529	1,588
Total Nonoperating expenses	59,846	22,794
Ordinary income	222,675	275,053
Total extraordinary income		
Gain on sales of noncurrent assets	440	1,473
Surrender value of insurance	1,549	2,744
Reverval of allowance for doubtful accounts	912	-
Total extraordinary income	2,902	4,218
Extraordinary loss		
Loss on sales of noncurrent assets	-	12
Loss on retirement of noncurrent assets	1,693	2,045
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,572	-
Total extraordinary loss	4,266	2,057
Income before income taxes	221,311	277,214
Total income taxes	42,397	140,273
Income taxes-crrrection	-	244,412
Income (loss) before minority interests	178,913	(107,472)
Net income (loss)	178,913	(107,472)

(Statements of comprehensive income)

(Unit: Thousands of yen)

	Three months ended June 30, 2010 (From April 1, 2010 To June 30, 2010)	Three months ended June 30, 2011 (From April 1, 2011 To June 30, 2011)
Income (loss) before minority interests	178,913	(107,472)
Other comprehensive income		
Valuation difference on available for sales securities	(34,225)	(17,090)
Foreign currency translation adjustment	75,829	93,242
Other comprehensive income	41,604	76,152
Comprehensive income	220,517	(31,320)
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of the parent	220,517	(31,320)
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