



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

July 31, 2012
Stock Exchange Listing: TSE

Company Name: MEC COMPANY LTD.
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 Scheduled date for submitting quarterly reports: August 10, 2012
 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)
 (Amounts less than one million yen have been disregarded)

1. Consolidated financial results (April 1, 2012 - June 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	%
Three months ended June 30, 2012	1,564	(10.1)	181	(36.6)	170	(38.0)	131	-
Three months ended June 30, 2011	1,741	(1.8)	286	7.1	275	23.5	(107)	-

(Note) Comprehensive: June 30, 2012: 334 million yen (— %) June 30, 2011: -31 million (— %)

	Net income per share for quarter	Diluted net income per share for quarter
	Yen	Yen
Three months ended June 30, 2012	6.55	—
Three months ended June 30, 2011	(5.35)	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2012	10,048	7,980	79.4	397.62
June 30, 2011	10,052	7,726	76.9	384.95

(Note) Shareholders' equity: June 30, 2012: 7,980 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	—				
Year ending March 31, 2013 (forecast)		4.00	—	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
2Q (year to date)	3,150	(4.4)	370	(22.1)	345	(16.8)	200	—	9.96
Full year	6,800	8.2	850	15.9	800	16.5	470	696.9	23.42

(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: 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)	Three months ended June 30, 2012	20,071,093 shares	Year ended March 31, 2012	20,071,093 shares
[2] Number of treasury stock at end of term	Three months ended June 30, 2012	34 shares	Year ended March 31, 2012	34 shares
[3] Average number of shares during term (Quarterly consolidated year to date)	Three months ended June 30, 2012	20,071,059 shares	Three months ended June 30, 2011	20,071,085 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) Qualitative information on consolidated operating results

In the world economy in the consolidated three months under review, owing to factors such as the global economic downturn caused by the prolonged financial and fiscal issues in the euro area, as ever it has proved 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 was also a slowdown in the global economy, ongoing strong yen, and concerns about a lack of power in the summer, and so this recovery did not amount to a full-scale one and 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, has generally been sluggish. As with the electronics industry, overall we have yet to see a clear recovery trend. In addition, the hollowing out of Japanese industry has also continued to progress as companies transferred their production to China and Southeast Asia.

Under such circumstances, the Company's Group has poured its efforts into selling and offering technical support for chemicals for high-density print circuit boards to be sold in overseas markets, mainly China and Southeast 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 quarter amounted to 1,564 million yen (down 10.1% year-on-year).

Consolidated operating profit was 181 million yen (a decrease of 36.6% compared with same period of the previous year), consolidated ordinary profit was 170 million yen (a decrease of 38.0% year on year), and consolidated net income for the current period was 131 million yen (compared with a consolidated net loss of 107 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 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 10,048 million yen, down 4 million yen compared with the previous fiscal year.

Reserves fell because our subsidiary paid dividends and this meant there was a decrease in deferred tax liabilities. Hence, liabilities came to 2,067 million yen, down 258 million yen compared with the previous fiscal year.

In terms of net assets, there was an increase in foreign currency translation adjustments due to exchange rate differences with our overseas subsidiaries. Consequently, net assets came to 7,980 million yen, up 254 million yen compared with the previous fiscal year.

As a result of the above, the equity ratio reached 79.4%.

(3) Qualitative information on consolidated earnings forecasts

Based on circumstances such as recent sales situation, we have revised our consolidated financial forecast as follows for the first two quarters (April 1, 2012 to September 30, 2012) of the fiscal year under review. In addition, for details of the revision to the consolidated earnings forecast, please see "Revision to consolidated earnings forecast for the first two quarters of fiscal year ending March 31, 2013" released today (July 31, 2012).

	Sales	Operating income	Ordinary income	Net income for quarter	Net income per share for quarter
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecast (A)	3,150	280	255	130	6.48
Currently revised forecast (B)	3,150	370	345	200	9.96
Change in value (B - A)	—	90	90	70	—
Rate of change (%)	—	32.1	35.3	53.8	—
Reference: Results for the first two quarters of the previous fiscal year	3,296	474	414	(19)	(0.97)

There is no change to the full-year consolidated earnings forecast announced when releasing the financial results for FY2012 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 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 of 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 June 30, 2012
ASSETS		
Current assets:		
Cash and deposits	2,827,517	2,648,201
Notes and accounts receivable-trade	1,681,216	1,806,868
Merchandise and finished goods	204,056	199,020
Work in process	28,286	20,939
Raw materials and supplies	201,777	222,770
Deferred tax assets	97,346	126,145
Other	59,848	64,623
Allowance for doubtful accounts	(9,272)	(5,803)
Total current assets	5,090,776	5,082,761
Non-current assets:		
Property, plant and equipment		
Buildings and structures	2,791,339	2,908,250
Accumulated depreciation	(1,553,250)	(1,597,787)
Buildings and structures, net	1,238,089	1,310,462
Machinery, equipment and vehicles	1,510,954	1,510,483
Accumulated depreciation	(1,152,471)	(1,173,985)
Machinery, equipment and vehicles, net	358,482	336,498
Tools, furniture and fixtures	558,054	573,426
Accumulated depreciation	(443,902)	(457,684)
Tools, furniture and fixtures, net	114,152	115,741
Land	2,723,504	2,758,198
Construction in progress	30,289	28,422
Total property, plant and equipment	4,464,518	4,549,323
Intangible assets	47,167	45,902
Investments and other assets		
Investment securities	352,697	275,698
Deferred tax assets	1,193	442
Other	116,778	113,384
Allowance for doubtful accounts	(20,444)	(18,930)
Total investments and other assets	450,224	370,594
Total non-current assets	4,961,910	4,965,820
Total assets	10,052,686	10,048,581

	(Unit: Thousands of yen)	
	As of March 31, 2012	As of June 30, 2012
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	543,005	586,210
Short-term loans payable	480,000	450,000
Accounts payable-other	302,762	266,587
Accrued expenses	44,743	60,764
Income taxes payable	105,186	106,984
	1,354	1,554
Provision for bonuses	131,525	72,510
Reserve for directors' bonuses	7,200	2,550
Other	142,296	155,678
Total current liabilities	<u>1,758,074</u>	<u>1,702,841</u>
Noncurrent liabilities:		
Deferred tax liabilities	363,566	189,583
Provision for retirement benefits	108,800	103,589
Other	95,971	71,894
Total non-current liabilities	<u>568,337</u>	<u>365,066</u>
Total liabilities	<u>2,326,412</u>	<u>2,067,907</u>
NET ASSETS		
Shareholders' equity:		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	7,478,645	7,529,763
Treasury stock	(12)	(12)
Total shareholders' equity	<u>8,519,134</u>	<u>8,570,251</u>
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	51,574	1,014
Foreign currency translation adjustment	(844,434)	(590,591)
Total valuation and translation adjustment	<u>(792,859)</u>	<u>(589,577)</u>
Total net assets	<u>7,726,274</u>	<u>7,980,673</u>
Total liabilities and net assets	<u>10,052,686</u>	<u>10,048,581</u>

(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, 2011 (From April 1, 2011 To June 30, 2011)	Three months ended June 30, 2012 (From April 1, 2012 To June 30, 2012)
Net sales	1,741,298	1,564,603
Costs of sales	718,755	580,854
Gross profit	1,022,543	983,748
Selling, general and administrative expenses	735,674	801,775
Operating income	286,869	181,972
Nonoperating income		
Interest income	3,862	7,165
Dividends income	3,064	4,374
Other	4,050	4,291
Total nonoperating income	10,978	15,832
Nonoperating expenses		
Interest expenses	1,131	527
Foreign exchange losses	20,074	25,278
Other	1,588	1,397
Total Nonoperating expenses	22,794	27,203
Ordinary income	275,053	170,601
Total extraordinary income		
Gain on sales of noncurrent assets	1,473	11
Surrender value of insurance	2,744	1,571
Total extraordinary income	4,218	1,583
Extraordinary loss		
Loss on sales of noncurrent assets	12	1,173
Loss on retirement of noncurrent assets	2,045	558
Total extraordinary loss	2,057	1,731
Income before income taxes	277,214	170,453
Total income taxes	140,273	39,051
Income taxes-crrrection	244,412	-
Income (loss) before minority interests	(107,472)	131,401
Net income (loss)	(107,472)	131,401

(Statements of comprehensive income)

(Unit: Thousands of yen)

	Three months ended June 30, 2011 (From April 1, 2011) (To June 30, 2011)	Three months ended June 30, 2012 (From April 1, 2012) (To June 30, 2012)
Income (loss) before minority interests	(107,472)	131,401
Other comprehensive income		
Valuation defference on available for sales securities	(17,090)	(50,560)
Foreign currency translation adjustment	93,242	253,842
Other comprehensive income	76,152	203,282
Comprehensive income	(31,320)	334,683
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of the parent	(31,320)	334,683
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	First quarter of previous fiscal year (As of June 30, 2011)		First quarter of current fiscal year (As of June 30, 2012)		
	Sales (Millions of yen)	Composition ratio (%)	Sales (Millions of yen)	Composition ratio (%)	Y-on-Y change (%)
Chemicals for PCBs*	1,435	82.4	1,423	91.0	99.2
Machinery for PCBs	57	3.3	34	2.2	59.3
Materials for PCBs	239	13.7	88	5.7	37.1
Other	9	0.6	18	1.1	193.3
Total	1,741	100.0	1,564	100.0	89.9

*PCBs; Print Circuit Boards

(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
Y-o-Y change	92.4		97.4		80.0		106.1		64.5		89.9	

(%)