



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

January 31, 2013
Stock Exchange Listing: TSE

Company Name: MEC COMPANY LTD.
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 Scheduled date for submitting quarterly reports: February 14, 2013
 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 – December 31, 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	%
Nine months ended December 31, 2012	4,928	1.9	752	5.6	767	(1.0)	566	114.6
Nine months ended December 31, 2011	4,837	(9.6)	712	(10.7)	775	(0.4)	263	(52.5)

(Note) Comprehensive: December 31, 2012: 596 million yen (— %) December 31, 2011: -106 million (— %)

	Net income per share for quarter	Diluted net income per share for quarter
	Yen	Yen
Nine months ended December 31, 2012	28.21	—
Nine months ended December 31, 2011	13.15	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2012	10,100	8,161	80.8	406.65
December 31, 2011	10,052	7,726	76.9	384.95

(Note) Shareholders' equity: December 31, 2012: 8,161 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	—	4.00	—	—	—
Year ending March 31, 2013 (forecast)	—	—	—	6.00	10.00

(Note) Revision of recently announced dividends forecast: Yes

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
Full year	6,800	8.2	950	29.6	950	38.4	700	1,086.9	34.88

(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 "Application of concise accounting procedures or particular accounting procedures in the creation of consolidated financial statements during this quarter" 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)	3Q ended March 31, 2013	20,071,093 shares	Year ended March 31, 2012	20,071,093 shares
[2] Number of treasury stock at end of term	3Q ended March 31, 2013	34 shares	Year ended March 31, 2012	34 shares
[3] Average number of shares during term (Quarterly consolidated year to date)	3Q ended March 31, 2013	20,071,059 shares	3Q ended March 31, 2012	20,071,069 shares

* Presentation of implementation status of procedures for the quarterly review

These Consolidated Financial Results for the Third 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 Third 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 results for this quarter

(1) Qualitative information on consolidated operating results

In the world economy in the consolidated nine months under review, owing to factors such as the prolonged financial and fiscal issues in the euro area and slower growth in emerging economies, as ever it has continue to prove hard to dispel uncertainty about the future.

In Japan, although there were some slightly positive signs such as a correction to the strong yen, the global economic slowdown means that outlook for the economy remains uncertain.

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, remained sluggish in general. As with the electronics industry, overall we have yet to see a clear recovery trend.

Under such circumstances, sales of our chemicals for MPU packages were lower than we had assumed owing to a slump in PC sales, but sales of our new products for flat panel displays grew, and sales of our chemicals grew in other areas. 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 nine months amounted to 4,928 million yen (up 1.9% year-on-year).

Operating income was 752 million yen (up 5.6% year-on-year), ordinary income was 767 million yen (down 1.0% year-on-year) and quarterly net income was 566 million yen (up 114.6% year-on-year).

(2) Qualitative information on consolidated financial position

As a result of repaying bank loans and paying dividends and tax, the amount of cash on hand and in banks fell, but there was an increase in notes and accounts receivable due to higher sales. Hence, assets came to 10,100 million yen, up 48 million yen compared with the previous fiscal year.

There was a decrease in short-term borrowings as we repaid bank loans and reserves fell because our subsidiary paid dividends and this meant there was a decrease in deferred tax liabilities. Hence, liabilities came to 1,938 million yen, down 387 million yen compared with the previous fiscal year.

In terms of net assets, there was an increase in retained earnings due to an increase in net income and an increase in foreign currency translation adjustments due to exchange rate differences with our overseas subsidiaries. Consequently, net assets came to 8,161 million yen, up 435 million yen compared with the previous fiscal year.

As a result of the above, the equity ratio reached 80.8%.

(3) Qualitative information on consolidated earnings forecasts

Sales of our chemicals for MPU packages were lower than we had assumed owing to a slump in PC sales worldwide, but sales of our chemicals grew in other areas. As a result, there was an improvement in our gross margin, and an improvement in our management structure, such as cost reductions and greater operational efficiency in the group. Hence, we now expect operating income, ordinary income and net income respectively to be higher than the figures given in the previous forecast. Therefore, we have revised our earnings forecasts for the fiscal year ending March 31, 2013 (April 1, 2012 to March 31, 2013) as follows.

	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)	6,800	850	800	470	23.42
Currently revised forecast (B)	6,800	950	950	700	34.88
Change in value (B – A)	-	100	150	230	-
Rate of change (%)	-	11.8	18.8	48.9	-
Reference: Results for the same period of the previous fiscal year (Year ended March 31, 2012)	6,286	733	686	58	2.94

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 consolidated 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 in 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 December 31, 2012
ASSETS		
Current assets:		
Cash and deposits	2,827,517	2,270,788
Notes and accounts receivable-trade	1,681,216	2,183,021
Merchandise and finished goods	204,056	247,694
Work in process	28,286	14,371
Raw materials and supplies	201,777	234,419
Deferred tax assets	97,346	119,589
Other	59,848	72,476
Allowance for doubtful accounts	(9,272)	(7,732)
Total current assets	5,090,776	5,134,628
Non-current assets:		
Property, plant and equipment		
Buildings and structures	2,791,339	2,927,219
Accumulated depreciation	(1,553,250)	(1,620,280)
Buildings and structures, net	1,238,089	1,306,939
Machinery, equipment and vehicles	1,510,954	1,522,330
Accumulated depreciation	(1,152,471)	(1,170,094)
Machinery, equipment and vehicles, net	358,482	352,236
Tools, furniture and fixtures	558,054	559,993
Accumulated depreciation	(443,902)	(445,247)
Tools, furniture and fixtures, net	114,152	114,745
Land	2,723,504	2,735,658
Construction in progress	30,289	21,884
Total property, plant and equipment	4,464,518	4,531,464
Intangible assets	47,167	43,437
Investments and other assets		
Investment securities	352,697	300,207
Deferred tax assets	1,193	420
Other	116,778	108,239
Allowance for doubtful accounts	(20,444)	(17,699)
Total investments and other assets	450,224	391,168
Total non-current assets	4,961,910	4,966,070
Total assets	10,052,686	10,100,698

	(Unit: Thousands of yen)	
	As of March 31, 2012	As of December 31, 2012
LIABILITES		
Current liabilities:		
Notes and accouts payable-trade	543,005	642,358
Short-term loans payable	480,000	240,000
Accounts payable-other	302,762	202,069
Accrued expenses	44,743	67,979
Income taxes payable	105,186	86,313
Deferred tax liabilities	1,354	1,551
Rrovision for bonuses	131,525	88,146
Reserve for dorectors' bonuses	7,200	6,637
Other	142,296	239,067
Total current liabilities	1,758,074	1,574,123
Noncurrent liabilities:		
Deferred tax liabilities	363,566	202,800
Provision for retirement benefits	108,800	93,438
Other	95,971	68,358
Total non-current liabilities	568,337	364,597
Total liabilities	2,326,412	1,938,720
NET ASSETS		
Shareholders' equity:		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Rerained earnings	7,478,645	7,884,224
Treasury stock	(12)	(12)
Total shareholders' equity	8,519,134	8,924,713
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	51,574	12,949
Foreign currency transtation adjustment	(844,434)	(775,685)
Total valuation and translation adjustment	(792,859)	(762,735)
Total net assets	7,726,274	8,161,977
Total liabilities and net assets	10,052,686	10,100,698

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

(Statement of income)

(Unit: Thousands of yen)

	Nine months ended December 31, 2011 〔 From April 1, 2011 To December 31, 2011 〕	Nine months ended December 31, 2012 〔 From April 1, 2012 To December 31, 2012 〕
Net sales	4,837,839	4,928,233
Costs of sales	1,871,526	1,762,532
Gross profit	2,966,312	3,165,701
Selling, general and administrative expenses	2,253,615	2,413,176
Operating income	712,696	752,524
Nonoperating income		
Interest income	13,204	21,042
Dividends income	8,838	7,833
Foreign exchange gains	77,137	-
Other	10,162	15,730
Total nonoperating income	109,342	44,606
Nonoperating expenses		
Interest expenses	3,122	3,686
Loss on valuation of investment securities	38,808	-
Foreign exchange losses	-	24,107
Other	5,006	1,801
Total Nonoperating expenses	46,937	29,594
Ordinary income	775,102	767,536
Total extraordinary income		
Gain on sales of noncurrent assets	1,483	2,358
Surrender value of insurance	2,744	1,571
Total extraordinary income	4,228	3,930
Extraordinary loss		
Loss on sales of noncurrent assets	269	1,888
Loss on retirement of noncurrent assets	4,107	10,086
Total extraordinary loss	4,377	11,975
Income before income taxes	774,953	759,490
Total income taxes	266,686	193,343
Income taxes-crrrection	244,412	-
Income before minority interests	263,853	566,147
Net income	263,853	566,147

(Statements of comprehensive income)

(Unit: Thousands of yen)

	Nine months ended December 31, 2011 (From April 1, 2011 To December 31, 2011)	Nine months ended September 30, 2012 (From April 1, 2012 To December 31, 2012)
Income (loss) before minority interests	263,853	566,147
Other comprehensive income		
Valuation defference on available for sales securities	(68,492)	(38,624)
Foreign currency translation adjustment	(301,429)	68,748
Other comprehensive income	(369,922)	30,124
Comprehensive income	(106,068)	596,271
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of the parent	(106,068)	596,271
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	Third quarter of previous fiscal year		Third quarter of current fiscal year		
	Sales (Millions of yen)	Composition ratio (%)	Sales (Millions of yen)	Composition ratio (%)	Year-on-year change (%)
Chemicals for printed circuit boards	4,281	88.5	4,484	91.0	104.7
Machinery for printed circuit boards	104	2.2	134	2.7	128.4
Materials for printed circuit boards	436	9.0	267	5.4	61.4
Other	14	0.3	41	0.9	283.8
Total	4,837	100.0	4,928	100.0	101.9

(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
2Q	840	939	265	263	141	145	141	154	165	122	1,554	1,626
3Q	856	1,076	251	263	158	143	162	173	113	78	1,541	1,736
Total	2,712	2,955	754	759	450	409	438	471	481	332	4,837	4,928
	(%)											
Year-on-year change	108.9		100.6		90.8		107.5		69.1		101.9	