

**Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2015  
[Japanese Standard] (consolidated)**

October 31, 2014  
Stock Exchange Listing: TSE

Company Name: MEC COMPANY LTD.  
Securities Code: 4971 URL <http://www.mec-co.com/>  
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Scheduled date for submitting quarterly reports: November 14, 2014

Commencement Date of Dividend Payment (Scheduled): December 2, 2014

Creation of reference materials supplementary to the quarterly results: Yes

Holding of briefing sessions regarding the quarterly results: Yes (for institutional investors, securities analysts)

(Amounts less than one million yen have been disregarded)

1. Consolidated financial results (April 1, 2014 – September 30, 2014)

(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	%
Six months ended September 30, 2014	4,500	19.7	1,054	75.6	1,092	61.2	711	58.0
Six months ended September 30, 2013	3,761	17.9	600	53.8	677	83.4	450	69.5

(Note) Comprehensive: September 30, 2014: 541 million yen (-40.9%) September 30, 2013: 915 million (206.3%)

	Net income per share for quarter		Diluted net income per share for quarter	
	Yen		Yen	
Six months ended September 30, 2014	35.44		-	
Six months ended September 30, 2013	22.42		-	

(2) Financial position

	Total assets		Net assets		Equity ratio	Book value per share
	Millions of yen		Millions of yen		%	Yen
September 30, 2014	13,151		10,733		81.6	534.77
March 31, 2014	12,869		10,265		79.8	511.44

(Note) Shareholders' equity: September 30, 2014: 10,733 million yen March 31, 2014: 10,265 million yen

2. Dividends

	Annual dividend				
	1Q	2Q	3Q	4Q	Annual
	Yen				
Year ended March 31, 2014	—	5.00	—	5.00	10.00
Year ending March 31, 2015	—	6.00			
Year ending March 31, 2015 (forecast)			—	6.00	12.00

(Note) Revision of recently announced dividends forecast: None

3. Consolidated financial forecast for the year ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(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	8,800	10.0	1,750	23.1	1,750	12.8	1,100	18.9	54.81

(Note) Revision of recently announced earnings forecast: No.

\* 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: No  
 [4] Restatements: No
- (4) Number of outstanding shares (Common shares)

[1] Number of outstanding shares at end of term (including treasury stock)	Six months ended September 30, 2014	20,071,093 shares	Year ended March 31, 2014	20,071,093 shares
[2] Number of treasury stock at end of term	Six months ended September 30, 2014	34 shares	Year ended March 31, 2014	34 shares
[3] Average number of shares during term (Quarterly consolidated year to date)	Six months ended September 30, 2014	20,071,059 shares	Six months ended September 30, 2013	20,071,059 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) Analysis of results of operations

In the world economy in the first half of the current fiscal year (April 1, 2014 to September 30, 2014), there has been a slowdown in the growth of emerging markets, especially China, and also Western economies have been facing a tough situation with factors such as geopolitical risk. In Japan's economy, there was a reaction to rush demand that was caused by the consumption tax increase, and also fluctuations in crude oil prices and foreign exchange rates and a fall in stock prices, and the future outlook remains uncertain.

In the Japanese electronics industry, the demand for personal computers did not increase very much, but demand for smartphones, car electronics and high-quality 4K TVs remained steady. Moreover, demand has become strong for servers to be used in shifting to cloud-based networks and processing big data.

Under such circumstances, the Company's Group has poured its efforts into developing and selling new chemicals for high-density electronic substrates. In particular, we have actively worked to have our customers introduce into their manufacturing processes the CZ series of chemicals that dramatically improve the adhesion between copper and resin in the process of manufacturing high-density, high-multilayer electronic substrates that are used in package substrates of smartphones or tablet PCs. We have also worked to have them adopt the EXE series that make it possible to have high-density wiring patterns in semiconductor-mounted electronic substrates for use in displays.

As a result, total consolidated sales for the second quarter under review amounted to 4,500 million yen (up 19.7% year-on-year). Operating income was 1,054 million yen (an increase of 75.6% compared with the previous year), quarterly ordinary income was 1,092 million yen (up 61.2% year-on-year), and net income for the quarter was 711 million yen (up 58.0% year-on-year).

### (2) Analysis relating to the financial situation

Cash and deposits and notes and accounts receivable increased due to an increase in sales and so assets came to 13,151 million yen, up 281 million yen year on year.

There was a decrease in the amount of notes payable, income taxes payable and accounts payable, and so liabilities came to 2,417 million yen, down 186 million yen year on year.

As a result of an increase in retained earnings, net assets were 10,733 million yen, up 468 million yen compared with the same period of the previous fiscal year.

As a result of the above, the equity ratio reached 81.6%.

### (3) Analysis of forward-looking information, such as the consolidated earnings forecast

There is no change to the consolidated earnings forecasts that were announced in "Revision to earnings forecast" on July 31, 2014.

The forecasts mentioned in this material are determined based on the information available at this time. Actual results may differ from the earnings forecast due to various factors.

## 2. Matters concerning summary information (notes)

### (1) Changes in important subsidiaries during the period under review

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.

### (3) Changes in accounting policies or accounting estimates, and restatement

Changes in accounting policies

(Application of Accounting Standard for Retirement Benefits)

With regards to the "Accounting Standard for Retirement Benefits" (Corporate Accounting Standard No. 26, May 17, 2012; hereinafter referred to as the "Accounting Standard for Retirement Benefits") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012 (hereinafter referred to as the "Guidance on Accounting Standard for Retirement Benefits")), the provisions set out in Section 35 of the Accounting Standard for Retirement Benefits and Section 67 of the Guidance on Accounting Standard for Retirement Benefits were applied from the first quarter of the current fiscal period. At the same time, we reviewed the method of calculating our retirement benefit obligations and service costs and changed from using the service period basis as the attribution method for projected retirement benefits to a benefit formula criterion. In addition, with regards to the method of determining the discount rate, we changed from a discount rate based on the number of years that approximates to the average remaining service period of employees to a single weighted average discount rate that reflects the amount of payment for the expected payment period of retirement benefits and the expected payment period.

With regards to the application of retirement benefit accounting standards, in accordance with the specific transitional provisions set forth in Section 37 of the Accounting Standard for Retirement Benefits in the beginning of the second quarter of the fiscal year under review, we have been adding or subtracting the monetary amount of impact accompanying the change in the method of calculating the retirement benefit obligations and service costs to or from retained earnings.

The impact that this change has on the Company is immaterial.

3. Consolidated Quarterly Financial Statements  
( 1 ) Balance sheet

	(Unit: Thousands of yen)	
	As of March 31, 2014	As of September 30, 2014
<b>ASSETS</b>		
Current assets:		
Cash and deposits	4,070,511	4,238,982
Notes and accounts receivable-trade	2,362,368	2,534,769
Merchandise and finished goods	343,709	291,765
Work in process	37,464	40,568
Raw materials and supplies	257,004	227,249
Deferred tax assets	221,417	209,788
Other	71,374	77,794
Allowance for doubtful accounts	(25,780)	(25,539)
Total current assets	7,338,072	7,595,378
Non-current assets:		
Property, plant and equipment		
Buildings and structures	3,203,590	3,177,922
Accumulated depreciation	(1,839,194)	(1,863,129)
Buildings and structures, net	1,364,396	1,314,792
Machinery, equipment and vehicles	1,828,802	1,810,075
Accumulated depreciation	(1,363,465)	(1,399,436)
Machinery, equipment and vehicles, net	465,337	410,639
Tools, furniture and fixtures	690,355	702,607
Accumulated depreciation	(517,114)	(530,741)
Tools, furniture and fixtures, net	173,241	171,866
Land	2,832,331	2,812,978
Construction in progress	3,070	15,094
Total property, plant and equipment	4,838,376	4,725,371
Intangible assets	42,282	40,424
Investments and other assets		
Investment securities	405,090	480,191
Net defined benefit asset	137,703	204,455
Deferred tax assets	6,391	6,167
Other	101,851	99,387
Allowance for doubtful accounts	(263)	(247)
Total investments and other assets	650,773	789,954
Total non-current assets	5,531,432	5,555,749
Total assets	12,869,504	13,151,128

	(Unit: Thousands of yen)	
	As of March 31, 2014	As of September 30, 2014
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable-trade	891,647	771,916
Accounts payable-other	355,622	278,712
Accrued expenses	59,908	61,797
Income taxes payable	351,175	260,809
Provision for bonuses	220,157	244,608
Reserve for directors' bonuses	30,950	18,315
Other	179,797	147,152
Total current liabilities	2,089,259	1,783,311
Noncurrent liabilities:		
Deferred tax liabilities	420,316	551,109
Net defined benefit liability	67,619	56,298
Other	27,073	27,068
Total non-current liabilities	515,009	634,476
Total liabilities	2,604,268	2,417,788
<b>NET ASSETS</b>		
Shareholders' equity:		
Capital stock	594,142	594,142
Capital surplus	446,358	446,358
Retained earnings	8,649,354	9,287,694
Treasury stock	(12)	(12)
Total shareholders' equity	9,689,842	10,328,182
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	73,635	118,943
Foreign currency translation adjustment	429,794	219,027
Remeasurements of defined benefit plans	71,963	67,187
Total valuation and translation adjustment	575,393	405,157
Total net assets	10,265,235	10,733,339
Total liabilities and net assets	12,869,504	13,151,128

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

## Statement of income

( Statement of income )

( Unit: Thousands of yen )

	Six months ended September 30, 2013 ( From April 1, 2013 To September 30, 2013 )	Six months ended September 30, 2014 ( From April 1, 2014 To September 30, 2014 )
Net sales	3,761,049	4,500,662
Costs of sales	1,419,450	1,590,069
Gross profit	2,341,599	2,910,592
Selling, general and administrative expenses	1,741,037	1,855,989
Operating income	600,562	1,054,603
Nonoperating income		
Interest income	14,371	15,117
Dividends income	4,434	4,439
Revenue income from trial products	5,567	8,951
Foreign exchange gains	47,637	2,060
Other	8,139	10,472
Total nonoperating income	80,150	41,040
Nonoperating expenses		
Interest expenses	574	-
Share allocation	2,018	2,333
Other	141	586
Total Nonoperating expenses	2,733	2,920
Ordinary income	677,979	1,092,723
Total extraordinary income		
Gain on sales of noncurrent assets	84	2,285
Total extraordinary income	84	2,285
Extraordinary loss		
Loss on sales of noncurrent assets	1,435	10
Loss on retirement of noncurrent assets	1,362	1,643
Total extraordinary loss	2,797	1,653
Income before income taxes	675,266	1,093,355
Total income taxes	225,174	382,027
Income before minority interests	450,091	711,328
Net income	450,091	711,328



(Statements of comprehensive income)		( Unit: Thousands of yen )	
	Six months ended September 30, 2013 〔 From April 1, 2013 To September 30, 2013 〕	Six months ended September 30, 2014 〔 From April 1, 2014 To September 30, 2014 〕	
Income (loss) before minority interests	450,091	711,328	
Other comprehensive income			
Valuation defference on available for sales securities	13,667	45,307	
Foreign currency translation adjustment	451,698	(210,767)	
Remeasurements of defined benefit plans, net of tax	-	(4,775)	
Other comprehensive income	465,366	(170,235)	
Comprehensive income	915,457	541,092	
[Comprehensive income attributable to]			
Comprehensive income attributable to owners of the parent	915,457	541,092	
Comprehensive income attributable to minority interests	-	-	

(3) Notes on quarterly consolidated financial statements

(Notes on the premise of a going concern)

N/A

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

N/A