

**Quarterly Consolidated Financial Statements  
Included in the Quarterly Report  
Meiko Electronics Co., Ltd.  
and its consolidated subsidiaries**

*For the third quarter and nine months ended December 31, 2011*

**(ENGLISH TRANSLATION)**

**NOTE:**

This document is an excerpt translation of the Quarterly Report (“Shihanki Houkokusho”) of Meiko Electronics Co., Ltd. (the “Company”), for the third quarter and nine months ended December 31, 2011, filed with the Director of the Kanto Local Finance Bureau of the Ministry of Finance of Japan pursuant to the Financial Instruments and Exchange Law of Japan on February 13, 2012.

Please note that the quarterly consolidated financial statements in this document are a translation of the reviewed quarterly consolidated financial statements presented in Japanese. The translation of the quarterly consolidated financial statements and notes has NOT been audited by KPMG AZSA LLC, who reviewed the original Japanese figures.

The Company provides this translation for your reference and convenience only without any warranty as to its accuracy. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail. The final decision and responsibility for investments rests solely with the reader of this document.

## **Financial Information**

### **1 Basis of preparation of the quarterly consolidated financial statements**

The quarterly consolidated financial statements of the Company are prepared in accordance with the “Regulation for Terminology, Forms and Preparation of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007) (the “Regulation for Quarterly Consolidated Financial Statements”).

### **2 Review reports**

The quarterly consolidated financial statements of the Company for the third quarter (October 1, 2011 - December 31, 2011), and those for the third quarter and nine months ended December 31, 2011, were reviewed by KPMG AZSA LLC, pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Law of Japan.

# 1 Consolidated Financial Statements

## (1) Consolidated Balance Sheets

Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of
	March 31, 2011	December 31, 2011	U.S. dollars
			December 31, 2011
<b>Assets</b>			
Current assets			
Cash and deposits	¥ 2,728	¥ 7,418	\$ 95,418
Notes and accounts receivable-trade	14,634	13,123	168,805
Merchandise and finished goods	4,380	3,978	51,175
Work in process	2,364	2,403	30,910
Raw materials and supplies	4,571	3,852	49,553
Other	3,219	5,810	74,738
Allowance for doubtful accounts	(13)	(12)	(160)
Total current assets	31,883	36,572	470,439
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	16,304	19,596	252,075
Machinery, equipment and vehicles, net	22,460	25,277	325,151
Land	1,944	1,944	25,011
Construction in progress	10,969	7,081	91,087
Other, net	658	613	7,869
Total property, plant and equipment	52,335	54,511	701,193
Intangible assets			
Investments and other assets	608	606	7,802
	*1 4,990	*1 4,872	*1 62,665
Total noncurrent assets	57,933	59,989	771,660
Total assets	¥ 89,816	¥ 96,561	\$ 1,242,099

	Millions of yen		Thousands of
	March 31, 2011	December 31, 2011	U.S. dollars
			December 31, 2011
<b>Liabilities</b>			
Current liabilities			
Notes and accounts payable-trade	¥ 8,591 *2	¥ 6,480 *2	\$ 83,355
Short-term loans payable	4,149	8,645	111,207
Current portion of long-term loans payable	9,211 *3	10,287 *3	132,326
Income taxes payable	79	437	5,615
Provision for bonuses	435	208	2,676
Provision for loss on disaster	773	452	5,809
Other	6,381 *2	5,624 *2	72,349
Total current liabilities	29,619	32,133	413,337
Noncurrent liabilities			
Long-term loans payable	23,944 *3	29,867 *3	384,195
Provision for retirement benefits	1,200	1,293	16,632
Provision for directors' retirement benefits	269	261	3,358
Other	1,804	1,288	16,561
Total noncurrent liabilities	27,217	32,709	420,746
Total liabilities	56,836	64,842	834,083
<b>Net assets</b>			
Shareholders' equity			
Capital stock	10,546	10,546	135,653
Capital surplus	12,467	12,467	160,370
Retained earnings	14,359	13,768	177,105
Treasury stock	(396)	(396)	(5,098)
Total shareholders' equity	36,976	36,385	468,030
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	(106)	(12)	(156)
Deferred gains or losses on hedges	(204)	(311)	(3,998)
Foreign currency translation adjustment	(3,686)	(4,343)	(55,860)
Total accumulated other comprehensive income	(3,996)	(4,666)	(60,014)
Total net assets	32,980	31,719	408,016
<b>Total liabilities and net assets</b>	¥ 89,816	¥ 96,561	\$ 1,242,099

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Income**  
**For the Nine Months Ended December 31, 2011**  
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31, 2010	Nine months ended December 31, 2011	Nine months ended December 31, 2011
Net sales	¥ 57,305	¥ 48,287	\$ 621,130
Cost of sales	48,413	41,924	539,276
Gross profit	8,892	6,363	81,854
Selling, general and administrative expenses	6,239	5,545	71,334
Operating income	2,653	818	10,520
Non-operating income			
Interest income	14	12	149
Dividends income	2	13	169
Subsidy income	85	51	657
Insurance income	—	50	647
Other	159	91	1,171
Total non-operating income	260	217	2,793
Non-operating expenses			
Interest expenses	530	596	7,672
Foreign exchange losses	551	346	4,445
Other	339	549	7,066
Total non-operating expenses	1,420	1,491	19,183
Ordinary income (loss)	1,493	(456)	(5,870)
Extraordinary income			
Gain on sales of noncurrent assets	10	135	1,739
Total extraordinary income	10	135	1,739
Extraordinary loss			
Loss on sales and retirement of noncurrent assets	101	4	55
Loss on valuation of investment securities	—	320	4,109
Loss on disaster	—	138	1,767
Loss on abolishment of retirement benefit plan	—	65	842
Total extraordinary losses	101	527	6,773
Income (loss) before income taxes	1,402	(848)	(10,904)
Income taxes	332	156	2,004
Refund of income taxes	—	(413)	(5,310)
Income (loss) before minority interests	1,070	(591)	(7,598)
Minority interests in income	0	—	—
Net income (loss)	¥ 1,070	¥ (591)	\$ (7,598)

**Consolidated Statements of Comprehensive Income**  
**For the Nine Months Ended December 31, 2011**  
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of
	Nine months ended December 31, 2010	Nine months ended December 31, 2011	U.S. dollars Nine months ended December 31, 2011
Income (loss) before minority interests	¥ 1,070	¥ (591)	\$ (7,598)
Other comprehensive income			
Valuation difference on available-for-sale securities	(49)	93	1,201
Deferred gains or losses on hedges	9	(107)	(1,372)
Foreign currency translation adjustment	(2,810)	(655)	(8,444)
Total other comprehensive income	(2,850)	(669)	(8,615)
Comprehensive income	<u>(1,780)</u>	<u>(1,260)</u>	<u>(16,213)</u>
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	¥ (1,780)	¥ (1,260)	\$ (16,213)
Comprehensive income attributable to minority interests	0	—	—

**Matters concerning Going Concern Assumption**

Not applicable

**Change in Scope of Consolidation and Application of the Equity Method**

Not applicable

**Basis of Presenting Consolidated Financial Statements**

The accompanying consolidated financial statements of Meiko Electronics Co., Ltd. (the "Company") have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and have been made at the rate of ¥77.74 to \$1, the approximate rate of exchange at December 31, 2011. Such translation should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

**Change in Accounting Policies**

Not applicable

**Specific Accounting Treatments Adopted in Preparing the Quarterly Consolidated Financial Statements**

Nine months ended December 31, 2011

Computation of Tax Expense

Tax expenses are calculated by reasonably estimating the effective tax rate after the adoption of tax-effect accounting that is applicable to income before income taxes for the fiscal year ending March 31, 2012, and multiplied by this estimated effective tax rate.

**Additional Information**

Nine months ended December 31, 2011

From accounting changes and error corrections starting at the beginning of the first quarter of the fiscal year ending March 31, 2012, the Company applied the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24; December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24; December 4, 2009).

With the issuance of the "Act Regarding Revision of Part of the Income Tax Act and Other Related Laws/Regulations, in order to Establish a Taxation System that Reflects Structural Changes in the Economy and Society" (Law No. 114 of 2011) and the "Act Regarding Securing Funds Necessary for Implementing Programs Promoting Recovery from the Great East Japan Earthquake" (Law No. 117 of 2011) on December 2, 2011, corporate income tax rates have been revised for fiscal years beginning on or after April 1, 2012. This revision had the effect of increasing income taxes payable by ¥84 million, and increasing income taxes by the same amount.

The Company and its consolidated subsidiary Yamagata Meiko Electronics Co., Ltd., discontinued their existing qualified pension plans and migrated to lump-sum retirement benefit plans on October 1, 2011. The "Guidance on Accounting for Transfers between Retirement Benefit Plans" (ASBJ Guidance No. 1) was applied, with the portion transferred to the lump-sum retirement benefit plan treated as the partial termination of the retirement benefit plan.

The effect of this migration was recorded as an extraordinary loss in the amount of ¥65 million for the nine months ended December 31, 2011.

## Notes to the Consolidated Financial Statements

### Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars
	March 31, 2011	December 31, 2011	December 31, 2011
*1 Amount of allowance directly deducted from the amount of investments and other assets			
Allowance for doubtful accounts	¥ 109	¥ 111	\$ 1,431
Allowance for investment loss	69	69	888

### \*2 Accounting treatment for notes maturing on December 31, 2011

Notes maturing on the final day of a quarterly reporting period are accounted for as if they had been settled on the final day of the period. Because the final day of the third quarter (December 31, 2011) was a bank holiday, the following notes maturing on the final day of the quarter were excluded from the outstanding amount as of the end of the quarter.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2011	December 31, 2011	December 31, 2011
Notes receivable—trade	¥ —	¥ 119	\$ 1,529
Notes payable—trade	—	42	537
Notes payable—facilities	—	5	69

### \*3 Financial covenants

Nine months ended December 31, 2011

Of loans payable, ¥22,443 million (including loans payable scheduled for repayment within one year) have financial covenants attached under which the breaching of any of the following will require the accelerated repayment of the obligations in the corresponding funding agreement (the covenants differ by agreement, with the main covenants listed below).

- (1) An ordinary loss shall not be recorded in the consolidated statement of income for each fiscal year.
- (2) Two consecutive ordinary losses shall not be recorded in the consolidated statements of income for each fiscal year.
- (3) The total amount of net assets recorded in the consolidated balance sheet as of the close of each fiscal year shall be at least the higher of: (i) 75% of the total amount of net assets recorded in the consolidated balance sheet as of March 31, 2011; and (ii) 75% of the total amount of net assets recorded in the consolidated balance sheet as of the close of the immediately preceding fiscal year.
- (4) The total amount of interest-bearing debt recorded in the consolidated balance sheet as of the close of each fiscal year shall be no more than the amount of net sales recorded in the consolidated statement of income for the same fiscal year, divided by 12 and multiplied by 8.

### Consolidated Statements of Cash Flows

No consolidated statements of cash flow were prepared for the nine months ended December 31, 2011.

Depreciation and amortization (including amortization related to intangible assets, except for goodwill) for the nine months ended December 31, 2011 and the amortization of goodwill are shown below:

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31, 2010	Nine months ended December 31, 2011	Nine months ended December 31, 2011
Depreciation and amortization	¥ 4,839	¥ 4,572	\$ 58,817
Amortization of goodwill	48	48	614



Total Shareholders' Equity

Nine months ended December 31, 2010

1 Cash Dividends Paid

Resolution

June 29, 2010 Shareholders' meeting

Type of Shares .....	Common stock
Total Dividends (Millions of Yen) .....	184
Dividend per Share (Yen) .....	10.00
Record Date .....	March 31, 2010
Effective Date .....	June 30, 2010
Dividend Resource .....	Retained earnings

Resolution

November 10, 2010 Board of Directors' meeting

Type of Shares .....	Common stock
Total Dividends (Millions of Yen) .....	221
Dividend per Share (Yen) .....	12.00
Record Date .....	September 30, 2010
Effective Date .....	November 30, 2010
Dividend Resource .....	Retained earnings

2 Of the dividends whose record date falls during the nine months ended December 31, 2010, those dividends whose effective date fell after the last day of the third quarter

Not applicable

Nine months ended December 31, 2011

1 Cash Dividends Paid

Not applicable

2 Of the dividends whose record date falls during the six months ended December 31, 2011, those dividends whose effective date will fall after the last day of the third quarter

Not applicable

## **Segment Information**

### I Nine months ended December 31, 2010

As the Group's businesses are all in the single segment of PWB design, manufacturing, sales, and ancillary operations, this section is omitted.

### II Nine months ended December 31, 2011

As the Group's businesses are all in the single segment of PWB design, manufacturing, sales, and ancillary operations, this section is omitted.

### Financial Instruments

Pursuant to the provisions of Article 17-2 of the Regulation for Quarterly Consolidated Financial Statements, this section is omitted.

### Securities

Pursuant to the provisions of Article 17-2 of the Regulation for Quarterly Consolidated Financial Statements, this section is omitted.

### Derivative Transactions

Pursuant to the provisions of Article 17-2 of the Regulation for Quarterly Consolidated Financial Statements, this section is omitted.

### Business Combinations, etc.

Not applicable

### Per Share Information

The basis for calculating net income (loss) per share is shown below:

Item	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Net income (loss) per share (Yen)	57.67	(31.46)
Basis for calculation		
Net income (loss) (millions of yen)	1,070	(591)
Amounts not attributable to common shareholders (millions of yen)	-	-
Net income (loss) attributable to common shareholders (millions of yen)	1,070	(591)
Average number of common shares outstanding for the period (shares)	18,552,925	18,774,150

Note: Diluted net income per share is not disclosed as there were no diluted shares.

### Significant Subsequent Events

Not applicable

**2 Other**

As per a resolution passed by the Board of Directors at its meeting held on May 18, 2011, an interim dividend will not be paid for the fiscal year ending March 31, 2012.