

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

For the second quarter and six months ended September 30, 2012

(ENGLISH TRANSLATION)

NOTE:

This document is an excerpt translation of the Quarterly Report (“Shihanki Houkokusho”) of Meiko Electronics Co., Ltd. (the “Company”), for the second quarter and six months ended September 30, 2012, 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 November 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).

2 Review reports

The quarterly consolidated financial statements of the Company for the second quarter (July 1, 2012 - September 30, 2012), and those for the second quarter and six months ended September 30, 2012, 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 U.S. dollars	
	March 31, 2012	September 30, 2012	September 30, 2012	September 30, 2012
Assets				
Current assets				
Cash and deposits	¥ 3,971	¥ 5,441	\$ 70,141	
Notes and accounts receivable-trade	*2 12,635	*2 12,520	*2 161,404	
Merchandise and finished goods	2,954	3,204	41,310	
Work in process	2,774	2,073	26,719	
Raw materials and supplies	3,343	3,552	45,785	
Other	2,784	4,243	54,700	
Allowance for doubtful accounts	(17)	(16)	(207)	
Total current assets	<u>28,444</u>	<u>31,017</u>	<u>399,852</u>	
Noncurrent assets				
Property, plant and equipment				
Buildings and structures, net	20,964	21,040	271,236	
Machinery, equipment and vehicles, net	27,581	23,652	304,915	
Land	1,944	1,944	25,066	
Construction in progress	5,263	5,132	66,163	
Other, net	675	623	8,031	
Total property, plant and equipment	<u>56,427</u>	<u>52,391</u>	<u>675,411</u>	
Intangible assets	590	524	6,751	
Investments and other assets	*1 5,644	*1 5,238	*1 67,529	
Total noncurrent assets	<u>62,661</u>	<u>58,153</u>	<u>749,691</u>	
Total assets	¥ <u><u>91,105</u></u>	¥ <u><u>89,170</u></u>	\$ <u><u>1,149,543</u></u>	

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2012	September 30, 2012	September 30, 2012	September 30, 2012
Liabilities				
Current liabilities				
Notes and accounts payable-trade	*2 ¥ 6,297	*2 ¥ 7,089	*2 \$ 91,394	
Short-term loans payable	3,098	6,387	82,334	
Current portion of long-term loans payable	10,368	*3 11,828	*3 152,483	
Income taxes payable	510	374	4,825	
Provision for bonuses	460	369	4,763	
Provision for loss on disaster	528	477	6,152	
Other	*2 5,355	4,814	62,066	
Total current liabilities	26,616	31,338	404,017	
Noncurrent liabilities				
Long-term loans payable	26,749	*3 24,753	*3 319,105	
Provision for retirement benefits	1,324	1,418	18,281	
Provision for directors' retirement benefits	261	261	3,365	
Other	1,127	968	12,478	
Total noncurrent liabilities	29,461	27,400	353,229	
Total liabilities	56,077	58,738	757,246	
Net assets				
Shareholders' equity				
Capital stock	10,546	10,546	135,950	
Capital surplus	12,467	12,467	160,721	
Retained earnings	15,518	12,677	163,422	
Treasury stock	(396)	(396)	(5,110)	
Total shareholders' equity	38,135	35,294	454,983	
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	(178)	(196)	(2,527)	
Deferred gains or losses on hedges	(90)	(187)	(2,415)	
Foreign currency translation adjustment	(2,839)	(4,479)	(57,744)	
Total accumulated other comprehensive income	(3,107)	(4,862)	(62,686)	
Total net assets	35,028	30,432	392,297	
Total liabilities and net assets	¥ 91,105	¥ 89,170	\$ 1,149,543	

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income
For the Six Months Ended September 30, 2012
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of
	Six months ended September 30, 2011	Six months ended September 30, 2012	U.S. dollars Six months ended September 30, 2012
Net sales	¥ 32,320	¥ 29,473	\$ 379,957
Cost of sales	28,194	25,527	329,085
Gross profit	4,126	3,946	50,872
Selling, general and administrative expenses	*1 3,677	*1 3,875	*1 49,949
Operating income	449	71	923
Non-operating income			
Interest income	8	12	154
Dividends income	11	11	138
Gain on cancellation of life insurance	—	36	468
Other	123	94	1,207
Total non-operating income	142	153	1,967
Non-operating expenses			
Interest expenses	405	440	5,673
Foreign exchange losses	869	1,003	12,940
Other	338	607	7,827
Total non-operating expenses	1,612	2,050	26,440
Ordinary loss	(1,021)	(1,826)	(23,550)
Extraordinary income			
Gain on sales of noncurrent assets	14	4	50
Compensation income	—	59	768
Total extraordinary income	14	63	818
Extraordinary loss			
Loss on sales and retirement of noncurrent assets	2	18	237
Loss on disaster	135	—	—
Loss on abandonment of inventories	—	462	5,954
Environmental expenses	—	437	5,633
Plant suspension expenses	—	230	2,962
Total extraordinary losses	137	1,147	14,786
Loss before income taxes	(1,144)	(2,910)	(37,518)
Income taxes	94	(163)	(2,101)
Refund of income taxes	(409)	—	—
Loss before minority interests	(829)	(2,747)	(35,417)
Net loss	¥ (829)	¥ (2,747)	\$ (35,417)

Consolidated Statements of Comprehensive Income
For the Six Months Ended September 30, 2012
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30, 2011	Six months ended September 30, 2012	Six months ended September 30, 2012
Loss before minority interests	¥ (829)	¥ (2,747)	\$ (35,417)
Other comprehensive income			
Valuation difference on available-for-sale securities	(122)	(18)	(228)
Deferred gains or losses on hedges	(124)	(98)	(1,258)
Foreign currency translation adjustment	(1,276)	(1,640)	(21,144)
Total other comprehensive income	(1,522)	(1,756)	(22,630)
Comprehensive income	<u>(2,351)</u>	<u>(4,503)</u>	<u>(58,047)</u>
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	¥ (2,351)	¥ (4,503)	\$ (58,047)
Comprehensive income attributable to minority interests	—	—	—

(3) Consolidated Statements of Cash Flows
For the Six Months Ended September 30, 2012
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of
	Six months ended September 30, 2011	Six months ended September 30, 2012	U.S. dollars Six months ended September 30, 2012
Net cash provided by (used in) operating activities			
Loss before income taxes	¥ (1,144)	¥ (2,910)	\$ (37,518)
Depreciation and amortization	3,056	3,212	41,411
Amortization of goodwill	32	32	410
Increase (decrease) in allowance for doubtful accounts	1	(8)	(107)
Increase (decrease) in provision for retirement benefits	(4)	95	1,219
Increase (decrease) in provision for bonuses	(29)	(90)	(1,162)
Increase (decrease) in provision for directors' retirement benefits	(8)	—	—
Interest and dividends income	(19)	(23)	(292)
Interest expenses	405	440	5,673
Foreign exchange losses (gains)	424	891	11,484
Loss (gain) on sales and retirement of property, plant and equipment	(12)	15	188
Compensation income	—	(60)	(769)
Loss on disaster	135	—	—
Decrease (increase) in notes and accounts receivable-trade	(1,694)	(686)	(8,849)
Decrease (increase) in inventories	46	(193)	(2,494)
Increase (decrease) in notes and accounts payable-trade	(653)	1,051	13,554
Decrease (increase) in other assets	109	(341)	(4,387)
Increase (decrease) in other liabilities	172	(129)	(1,649)
Subtotal	817	1,296	16,712
Interest and dividends income received	19	23	292
Interest expenses paid	(393)	(439)	(5,657)
Proceeds from compensation	—	60	769
Payments for loss on disaster	(598)	—	—
Income taxes refund	450	—	—
Income taxes paid	(81)	(560)	(7,214)
Net cash provided by (used in) operating activities	214	380	4,902
Net cash provided by (used in) investing activities			
Purchase of property, plant and equipment	(7,198)	(2,942)	(37,930)
Proceeds from sales of property, plant and equipment	30	18	235
Purchase of intangible assets	(93)	(27)	(343)
Purchase of investment securities	(0)	(0)	(0)
Purchase of insurance funds	(26)	(12)	(149)
Proceeds from maturity of insurance funds	73	170	2,188
Other, net	(61)	20	249
Net cash provided by (used in) investing activities	(7,275)	(2,773)	(35,750)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	4,758	3,507	45,210
Proceeds from long-term loans payable	8,588	5,284	68,117
Repayment of long-term loans payable	(4,358)	(4,692)	(60,486)
Repayments of installment payables	(449)	(39)	(504)
Cash dividends paid	(1)	(94)	(1,207)
Net cash provided by (used in) financing activities	8,538	3,966	51,130
Effect of exchange rate change on cash and cash equivalents	(96)	(103)	(1,329)
Net increase (decrease) in cash and cash equivalents	1,381	1,470	18,953
Cash and cash equivalents at beginning of period	2,509	3,752	48,365
Cash and cash equivalents at end of period	*1 ¥ 3,890	*1 ¥ 5,222	*1 \$ 67,318

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 Law 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 ¥77.57 to \$1, the approximate rate of exchange at September 30, 2012. 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

Six months ended September 30, 2012

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

In accordance with revisions to the Corporation Tax Act, from the first quarter of the fiscal year ending March 31, 2013, the Company and its domestic consolidated subsidiaries have changed the depreciation method, based on the revised Corporation Tax Act, for property, plant and equipment acquired on or after April 1, 2012.

The effect of this change on profit and loss is negligible.

Specific Accounting Treatments Adopted in Preparing the Quarterly Consolidated Financial Statements

Six months ended September 30, 2012

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, 2013, and multiplied by this estimated effective tax rate.

Notes to the Consolidated Financial Statements

Consolidated Balance Sheets

*1 Amount of allowance directly deducted from the amount of investments and other assets

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2012	September 30, 2012	September 30, 2012	
Allowance for doubtful accounts·····	¥ 46	¥ 38	\$	496
Allowance for investment loss·····	69	69		890

*2 Accounting treatment for notes maturing on September 30, 2012

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 second quarter (September 30, 2012) was a bank holiday, the following notes maturing on the final day of the quarter were accounted for as if they had been settled on the maturity date.

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2012	September 30, 2012	September 30, 2012	
Notes receivable–trade·····	¥ 73	¥ 80	\$	1,029
Notes payable–trade·····	44	30		386
Notes payable–facilities·····	1	—		—

*3 Financial covenants

Six months ended September 30, 2012

Of loans payable, ¥22,425 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 obligation 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, 2012; or (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 Income

*1 Main items and corresponding amounts recorded as selling, general and administrative expenses are shown below:

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30, 2011	Six months ended September 30, 2012	Six months ended September 30, 2012
Salaries, allowances, and other salaries	¥ 816	¥ 852	\$ 10,978
Experiment and research expenses	411	460	5,925
Provision for bonuses	164	127	1,642
Provision of allowance for doubtful accounts	2	0	3
Retirement benefit expenses	39	44	562

Consolidated Statements of Cash Flows

*1 The relationship between cash and cash equivalents outstanding as of September 30, 2012, and the amounts shown on the Consolidated Balance Sheets is shown below:

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30, 2011	Six months ended September 30, 2012	Six months ended September 30, 2012
Cash and deposits	¥ 4,109	¥ 5,441	\$ 70,141
Time deposits with tenors exceeding 3 months	(219)	(219)	(2,823)
Cash and cash equivalents	3,890	5,222	67,318

Total Shareholders' Equity

Six months ended September 30, 2011

1 Cash dividends paid

Not applicable

2 Of the dividends whose record date falls during the six months ended September 30, 2011, those dividends whose effective date fell after the last day of the second quarter

Not applicable

Six months ended September 30, 2012

1 Cash dividends paid

Resolution

June 27, 2012 Shareholders' meeting

Type of shares Common stock

Total dividends (Millions of yen) 94

Dividend per share (Yen) 5.00

Record date March 31, 2012

Effective date June 28, 2012

Dividend resource Retained earnings

2 Of the dividends whose record date falls during the six months ended September 30, 2012, those dividends whose effective date will fall after the last day of the second quarter

Not applicable

Segment Information

I Six months ended September 30, 2011

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

II Six months ended September 30, 2012

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

There were no significant changes in the amount of other financial instruments recorded in the Consolidated Balance Sheets compared with that of March 31, 2012.

Securities

There were no significant changes in the amount of other securities recorded in the Consolidated Balance Sheets compared with that of March 31, 2012.

Derivative Transactions

There were no significant changes in the contract amounts, etc. of derivative transactions as of September 30, 2012, compared with those of March 31, 2012.

Business Combinations, etc.

Not applicable

Per Share Information

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

Item	Six months ended September 30, 2011	Six months ended September 30, 2012
Net loss per share (Yen)	(44.15)	(146.34)
Basis for calculation		
Net loss (Millions of yen)	(829)	(2,747)
Amounts not attributable to common shareholders (Millions of yen)	—	—
Net loss attributable to common shareholders (Millions of yen)	(829)	(2,747)
Average number of common shares outstanding for the period (Shares)	18,774,150	18,774,076

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 November 6, 2012, an interim dividend will not be paid for the fiscal year ending March 31, 2013.