

**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, 2013

(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, 2013, 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, 2014.

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 (“Regulation for Quarterly Consolidated Financial Statements”)).

2 Review reports

The quarterly consolidated financial statements of the Company for the third quarter (October 1, 2013 - December 31, 2013), and those for the nine months ended December 31, 2013, 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, 2013	December 31, 2013	December 31, 2013	December 31, 2013
Assets				
Current assets				
Cash and deposits	¥ 9,007	¥ 15,431	\$ 146,450	
Notes and accounts receivable-trade	*2 12,129	*2 18,313	*2 173,793	
Merchandise and finished goods	3,418	4,914	46,634	
Work in process	2,597	3,063	29,071	
Raw materials and supplies	4,472	5,064	48,060	
Other	3,493	4,510	42,800	
Allowance for doubtful accounts	(15)	(17)	(158)	
Total current assets	<u>35,101</u>	<u>51,278</u>	<u>486,650</u>	
Noncurrent assets				
Property, plant and equipment				
Buildings and structures, net	24,998	28,511	270,580	
Machinery, equipment and vehicles, net	27,525	30,646	290,844	
Land	1,944	1,702	16,154	
Construction in progress	6,588	8,088	76,757	
Other, net	717	782	7,418	
Total property, plant and equipment	<u>61,772</u>	<u>69,729</u>	<u>661,753</u>	
Intangible assets	469	484	4,594	
Investments and other assets	*1 4,704	*1 4,693	*1 44,536	
Total noncurrent assets	<u>66,945</u>	<u>74,906</u>	<u>710,883</u>	
Total assets	¥ <u><u>102,046</u></u>	¥ <u><u>126,184</u></u>	\$ <u><u>1,197,533</u></u>	

	Millions of yen		Thousands of
	March 31, 2013	December 31, 2013	U.S. dollars
			December 31, 2013
Liabilities			
Current liabilities			
Notes and accounts payable-trade	*2 ¥ 7,243	*2 ¥ 9,245	*2 \$ 87,736
Short-term loans payable	13,971	15,420	146,340
Current portion of long-term loans payable	13,108	12,148	115,285
Income taxes payable	739	755	7,166
Provision for bonuses	440	241	2,290
Other	*2 4,677	*2 8,021	*2 76,124
Total current liabilities	<u>40,178</u>	<u>45,830</u>	<u>434,941</u>
Noncurrent liabilities			
Long-term loans payable	22,557	29,984	284,556
Provision for retirement benefits	1,517	1,682	15,963
Provision for directors' retirement benefits	261	261	2,477
Other	806	2,505	23,777
Total noncurrent liabilities	<u>25,141</u>	<u>34,432</u>	<u>326,773</u>
Total liabilities	<u>65,319</u>	<u>80,262</u>	<u>761,714</u>
Net assets			
Shareholders' equity			
Capital stock	10,546	12,585	119,432
Capital surplus	12,467	14,506	137,668
Retained earnings	13,827	14,536	137,958
Treasury stock	(396)	(396)	(3,762)
Total shareholders' equity	<u>36,444</u>	<u>41,231</u>	<u>391,296</u>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	(115)	49	464
Deferred gains or losses on hedges	(206)	(148)	(1,403)
Foreign currency translation adjustment	604	4,790	45,462
Total accumulated other comprehensive income	<u>283</u>	<u>4,691</u>	<u>44,523</u>
Total net assets	<u>36,727</u>	<u>45,922</u>	<u>435,819</u>
Total liabilities and net assets	¥ <u>102,046</u>	¥ <u>126,184</u>	\$ <u>1,197,533</u>

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income
For the Nine Months Ended December 31, 2013
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31, 2012	Nine months ended December 31, 2013	Nine months ended December 31, 2013
Net sales	¥ 45,091	¥ 59,144	\$ 561,300
Cost of sales	39,344	51,097	484,929
Gross profit	5,747	8,047	76,371
Selling, general and administrative expenses	5,937	6,696	63,546
Operating income (loss)	(190)	1,351	12,825
Non-operating income			
Interest income	15	14	132
Dividends income	13	18	167
Foreign exchange gains	863	2,823	26,793
Other	173	174	1,651
Total non-operating income	1,064	3,029	28,743
Non-operating expenses			
Interest expenses	670	700	6,639
Other	1,068	335	3,180
Total non-operating expenses	1,738	1,035	9,819
Ordinary income (loss)	(864)	3,345	31,749
Extraordinary income			
Gain on sales of noncurrent assets	6	382	3,629
Compensation income	412	287	2,727
Total extraordinary income	418	669	6,356
Extraordinary loss			
Loss on sales and retirement of noncurrent assets	25	179	1,700
Impairment loss	—	62	590
Loss on valuation of investment securities	—	27	255
Business structure improvement expenses	—	63	600
Loss on abandonment of inventories	496	—	—
Environmental expenses	437	—	—
Plant suspension expenses	234	—	—
Total extraordinary losses	1,192	331	3,145
Income (loss) before income taxes	(1,638)	3,683	34,960
Income taxes	651	2,880	27,339
Income (loss) before minority interests	(2,289)	803	7,621
Net income (loss)	¥ (2,289)	¥ 803	\$ 7,621

Consolidated Statements of Comprehensive Income
For the Nine Months Ended December 31, 2013
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of
	Nine months ended December 31, 2012	Nine months ended December 31, 2013	U.S. dollars
Income (loss) before minority interests	¥ (2,289)	¥ 803	\$ 7,621
Other comprehensive income			
Valuation difference on available-for-sale securities	31	164	1,557
Deferred gains or losses on hedges	(126)	58	549
Foreign currency translation adjustment	1,061	4,187	39,734
Total other comprehensive income	966	4,409	41,840
Comprehensive income	<u>(1,323)</u>	<u>5,212</u>	<u>49,461</u>
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	¥ (1,323)	¥ 5,212	\$ 49,461
Comprehensive income attributable to minority interests	—	—	—

Notes to the Consolidated Financial Statements

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 ¥105.37 to \$1, the approximate rate of exchange at December 31, 2013. 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, 2013

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, 2014, and multiplied by this estimated effective tax rate.

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, 2013	December 31, 2013	December 31, 2013	
Allowance for doubtful accounts.....	¥ 40	¥ 40	\$	378

*2 Accounting treatment for notes maturing on December 31, 2013

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, 2013) was a bank holiday, the following notes that matured on the final day of the quarter were accounted for as though they had been settled on the maturity date.

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2013	December 31, 2013	December 31, 2013	
Notes receivable–trade.....	¥ 31	¥ 34	\$	321
Notes payable–trade.....	49	47		448
Notes payable–facilities.....	2	3		28

3 Discounted notes receivable are summarized below:

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2013	December 31, 2013	December 31, 2013	
Discounted notes receivable–trade.....	¥ 38	¥ 35	\$	335

Consolidated Statements of Cash Flows

No consolidated statements of cash flow were prepared for the nine months ended December 31, 2013.

Depreciation and amortization (including amortization related to intangible assets, except for goodwill) for the nine months ended December 31, 2013 and the amortization of goodwill are shown below:

	Millions of yen		Thousands of U.S. dollars	
	Nine months ended December 31, 2012	Nine months ended December 31, 2013	Nine months ended December 31, 2013	
Depreciation and amortization	¥ 4,824	¥ 4,575	\$	43,421
Amortization of goodwill	48	—		—

Total Shareholders' Equity

Nine months ended December 31, 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 nine months ended December 31, 2012, those dividends whose effective date fell after the last day of the third quarter

Not applicable

Nine months ended December 31, 2013

1 Cash dividends paid

Resolution

Board meeting on November 8, 2013

Type of shares	Common stock
Total dividends (Millions of yen)	94
Dividend per share (Yen).....	5.00
Record date.....	September 30, 2013
Effective date.....	November 29, 2013
Dividend resource.....	Retained earnings

2 Of the dividends whose record date falls during the nine months ended December 31, 2013, those dividends whose effective date will fall after the last day of the third quarter

Not applicable

3 Significant changes in shareholders' equity

During the nine months ended December 31, 2013, capital stock and capital surplus each increased by 2,039 million yen through new share issues by a paid-in public offering (book building method), with December 18, 2013 as the payment date. As a result, capital stock and capital surplus on the final day of the third quarter (December 31, 2013) were 12,585 million yen and 14,506 million yen, respectively.

Segment Information

I Nine months ended December 31, 2012

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, 2013

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 or net loss per share is shown below:

Item	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Net income (loss) per share (Yen)	(121.91)	42.04
Basis for calculation		
Net income (loss) (Millions of yen)	(2,289)	803
Amounts not attributable to common shareholders (Millions of yen)	–	–
Net income (loss) attributable to common shares (Millions of yen)	(2,289)	803
Average number of common shares outstanding for the period (Shares)	18,774,076	19,101,931

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

Significant Subsequent Events

New share issues by third-party allocation

At its meeting held on December 3, 2013, the Board of Directors resolved to conduct new share issues by third-party allocation (allocation of new shares to a third party related to a sale due to over allotment), and received payment on January 16, 2014. The outline of the share issues is as follows:

- | | |
|---|---|
| (1) Type and number of shares issued | 960,000 ordinary shares of the Company |
| (2) Paid-in amount | 633.2 yen per share |
| (3) Total paid-in amount | 607,872,000 yen |
| (4) Paid-in capital | 316.6 yen per share |
| (5) Total paid-in capital | 303,936,000 yen |
| (6) Payment date | January 16, 2014 |
| (7) Party and number of shares allotted | 960,000 shares to SMBC Nikko Securities Inc. |
| (8) Usage of the fund | The Company plans to use the funds for investment and a loan to Meiko Electronics Vietnam Co., Ltd., Meiko Electronics (Wuhan) Co., Ltd. and Meiko Electronics (Guangzhou Nansha) Co., Ltd., as well as capital expenditure in domestic plants. |

2 Other

As per a resolution passed by the Board of Directors at its meeting held on November 8, 2013, an interim dividend will be paid as follows for the fiscal year ending March 31, 2014 to shareholders recorded in the shareholder registry as of September 30, 2013:

1. Total dividends: 94 million yen
2. Dividend per share: 5.00 yen
3. Effective date of claim for payment and payment commencement date: November 29, 2013