Annual Report 2012

For the year ended March 31, 2012

Meiko Electronics Co., Ltd.

Profile

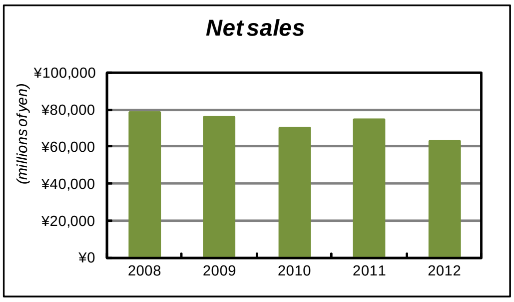
The Meiko Group consists of Meiko Electronics Co., Ltd. (the “Company”), and its 13 subsidiaries (10 consolidated subsidiaries and 3 non-consolidated subsidiaries) (the “Group”). The Group operates in a single business segment, engaging in the design, manufacturing and sales of PCBs and associated services.

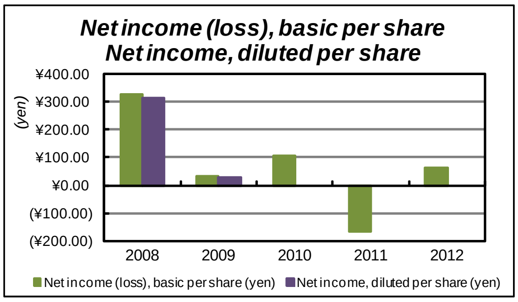
Forward-looking Statements:
This annual report contains forward-looking statements that are based on the information currently available to management, and estimates involving uncertain factors thought likely to have an effect on future results. As such, they include various risks and uncertainties. Actual results may differ materially from these projections for a variety of reasons, including changes in business environments, market trends and exchange rate fluctuations relevant to the business of Meiko Electronics Co., Ltd.

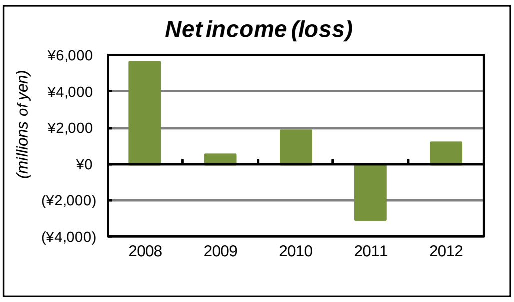
Contents

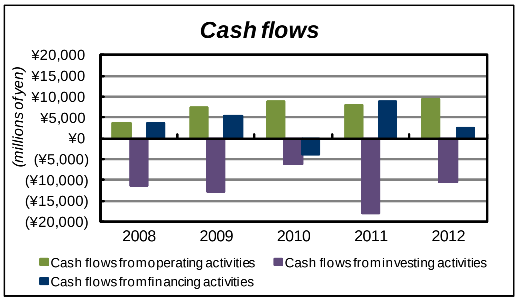
Five-year Financial Summary

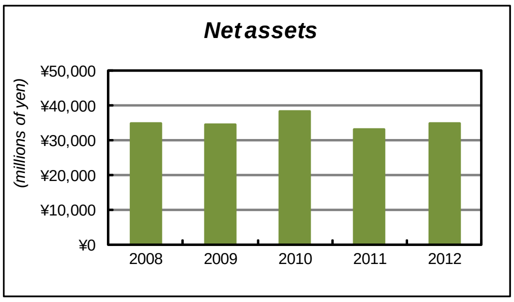
	2008	2009	2010	2011	2012
	(millions of yen, except per share amounts)				
Consolidated financial indicators:					
Net sales	¥78,516	¥75,806	¥69,823	¥74,724	¥62,973
Ordinary income	6,836	953	2,695	2,127	222
Net income (loss)	5,640	522	1,828	(3,095)	1,159
Comprehensive income	—	—	—	(5,307)	2,048
Net assets	34,797	34,576	38,167	32,980	35,028
Total assets	82,043	85,611	84,728	89,816	91,105
Net assets per share *(yen)*	2,026.96	2,062.17	2,067.25	1,756.65	1,865.71
Net income (loss) per share *(yen)*	328.57	30.71	107.39	(166.32)	61.73
Net income per share (diluted) *(yen)*	314.69	29.38	—	—	—
Equity ratio	42.4%	40.4%	45.0%	36.7%	38.4%
Return on equity (ROE)	16.7%	1.5%	5.0%	(8.7%)	3.4%
Price earnings ratio (PER) *(times)*	9.8	31.2	18.5	—	19.4
Cash flows from operating activities	3,706	7,479	8,841	7,916	9,252
Cash flows from investing activities	(11,350)	(12,929)	(6,059)	(17,911)	(10,377)
Cash flows from financing activities	3,653	5,338	(3,742)	8,677	2,360
Cash and cash equivalents at the end of the period	4,578	5,146	4,009	2,509	3,752
Number of employees	8,937	7,623	10,149	13,161	9,948
[Average number of temporary staff]	[723]	[815]	[565]	[597]	[397]

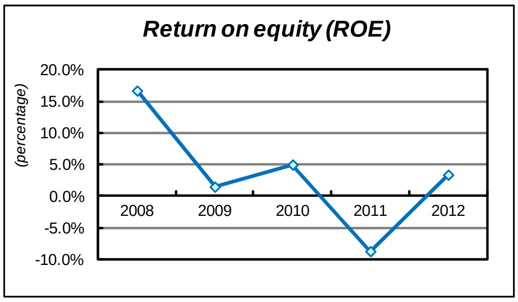

Net sales
(millions of yen)
¥100,000
¥80,000
¥60,000
¥40,000
¥20,000
¥0
2008
2009
2010
2011
2012

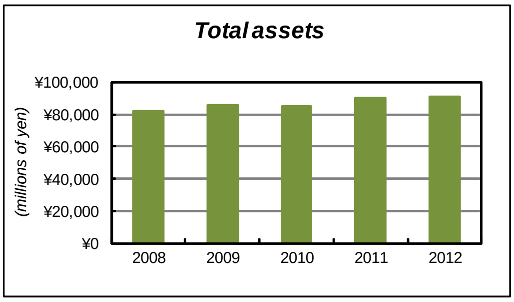

Net income (loss), basic per share
Net income, diluted per share
(yen)
¥400.00
¥300.00
¥200.00
¥100.00
¥0.00
(¥100.00)
(¥200.00)
2008
2009
2010
2011
2012
Net income (loss), basic per share (yen)
Net income, diluted per share (yen)

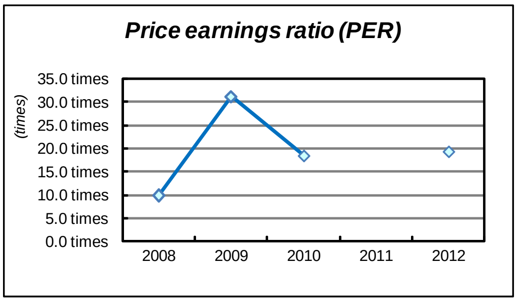

Net income (loss)
(millions of yen)
¥6,000
¥4,000
¥2,000
¥0
(¥2,000)
(¥4,000)
2008
2009
2010
2011
2012

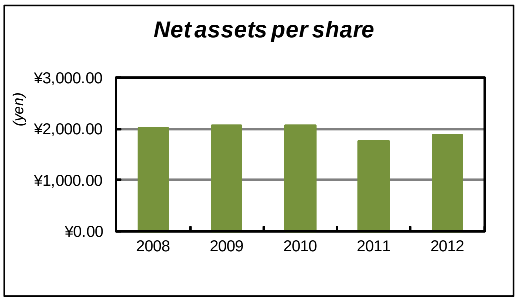

Cash flows
(millions of yen)
¥20,000
¥15,000
¥10,000
¥5,000
¥0
(¥5,000)
(¥10,000)
(¥15,000)
(¥20,000)
2008
2009
2010
2011
2012
Cash flows from operating activities
Cash flows from investing activities
Cash flows from financing activities


Net assets
(millions of yen)
¥50,000
¥40,000
¥30,000
¥20,000
¥10,000
¥0
2008
2009
2010
2011
2012


Return on equity (ROE)
(percentage)
20.0%
15.0%
10.0%
5.0%
0.0%
-5.0%
-10.0%
2008
2009
2010
2011
2012


Total assets
(millions of yen)
¥100,000
¥80,000
¥60,000
¥40,000
¥20,000
¥0
2008
2009
2010
2011
2012


Price earnings ratio (PER)
(times)
35.0 times
30.0 times
25.0 times
20.0 times
15.0 times
10.0 times
5.0 times
0.0 times
2008
2009
2010
2011
2012


Net assets per share
(yen)
¥3,000.00
¥2,000.00
¥1,000.00
¥0.00
2008
2009
2010
2011
2012

Financial Review: Management's Discussion and Analysis

(1) Analysis of the Group's financial position

The forward-looking statements in this section are based on the Group's judgment as of the end of the current consolidated fiscal year.

1) Assets

(Current assets)

The balance of current assets as of March 31, 2012 was ¥28,444 million, down ¥3,439 million from ¥31,883 million for the previous fiscal year. This change mainly comprised an increase of ¥1,243 million in cash and deposits from ¥2,727 million to ¥3,970 million, a decline of ¥1,999 million in trade notes and accounts receivable from ¥14,634 million to ¥12,635 million and a decrease of ¥2,241 million in inventories from ¥11,315 million to ¥9,071 million.

(Noncurrent assets)

The balance of noncurrent assets as of March 31, 2012 was ¥62,661 million, up ¥4,728 million from ¥57,933 million for the previous fiscal year. A major factor for this increase was a ¥4,092 million increase of property, plant and equipment from ¥52,335 million to ¥56,427 million due to capital investments.

2) Liabilities

(Current liabilities)

The balance of current liabilities as of March 31, 2012 was ¥26,616 million, down ¥3,003 million from ¥29,619 million for the previous fiscal year. This change mainly consisted of a ¥2,293 million decrease in trade notes and accounts payable from ¥8,591 million to ¥6,297 million, a ¥1,051 million decline in short-term borrowings from ¥4,149 million to ¥3,098 million and an increase of ¥1,157 million in the current portion of long-term borrowings from ¥9,211 million to ¥10,368 million.

(Long-term liabilities)

The balance of long-term liabilities as of March 31, 2012 was ¥29,461 million, up ¥2,244 million from ¥27,217 million for the previous fiscal year. A major factor for this increase was an increase of ¥2,805 million in long-term borrowings from ¥23,944 million to ¥26,749 million.

3) Net assets

(Net assets)

The balance of net assets as of March 31, 2012 was ¥35,028 million, up ¥2,048 million from ¥32,980 million for the previous fiscal year. Major factors for this increase were a ¥1,159 million increase in retained earnings and an increase of ¥847 million in foreign currency translation adjustments.

(2) Analysis of business results

1) Net sales

The volume of orders the Group received during the fiscal year under review was severely affected by the Great East Japan Earthquake and subsequent accidents at nuclear power plants, the temporary suspension of production at the Wuhan Plant in China and sluggish performance in the electronics industry. As a result, net sales were ¥62,973 million, down ¥11,751 million, or 15.7%, from the previous fiscal year.

2) Cost of sales and Selling, general and administrative expenses

Cost of sales decreased ¥8,449 million, or 13.4%, from the previous fiscal year to ¥54,770 million, reflecting the decrease in net sales and a reduction in fixed costs. As a result, gross profit decreased ¥3,301 million, or 28.7%, from the previous fiscal year to ¥8,203 million, and the gross margin declined to 13.0%.

Selling, general and administrative expenses decreased ¥816 million, or 9.9%, from the previous fiscal year to ¥7,391 million, primarily due to a reduction in packing and transportation expenses.

3) Operating income

Operating income fell 75.4%, or ¥2,486 million, from the previous fiscal year to ¥812 million, mainly due to a decrease in the volume of orders. The ratio of operating income to net sales was 1.3%.

4) Non-operating income and Non-operating expenses

Non-operating income increased ¥637 million from the previous fiscal year to ¥923 million, primarily due to a foreign exchange gain of ¥587 million for the fiscal year under review.

Non-operating expenses increased ¥57 million from the previous fiscal year to ¥1,513 million. This was mainly because depreciation and amortization increased ¥252 million and a foreign exchange gain was recorded instead of the foreign exchange loss of ¥251 million for the previous fiscal year.

5) Ordinary income (loss)

Ordinary income sank 89.6%, or ¥1,905 million, from the previous fiscal year to ¥222 million, primarily reflecting the decline in operating income.

6) Extraordinary income (loss)

Extraordinary income was ¥878 million, which consisted of a ¥135 million gain on sales of noncurrent assets and compensation income of ¥744 million from Tokyo Electric Power Company, Incorporated.

Extraordinary losses were ¥567 million, which mainly consisted of a ¥160 million loss on valuation of inventories, a ¥65 million loss on abolishment of the qualified retirement pension plan and environmental expenses of ¥219 million.

7) Income taxes

The total amount of income taxes—current, income taxes—deferred and income taxes—refund decreased ¥311 million from the previous fiscal year to minus ¥625 million.

8) Net income

As a result of the above, net income of ¥1,159 million was recorded for the fiscal year under review compared with a net loss of ¥3,095 million for the previous fiscal year.

(3) Liquidity and source of funds

1) Cash flow analysis

Cash and cash equivalents (hereafter “net cash”) as of March 31, 2012 increased ¥1,243 million from the previous fiscal year, to ¥3,752 million.

Net cash provided by operating activities for the fiscal year under review was ¥9,252 million, up ¥1,336 million from the previous fiscal year. Increases were mainly from depreciation and amortization of ¥6,423 million and a decrease in inventories of ¥2,237 million. The major decrease was a decrease in trade notes and accounts payable of ¥2,342 million.

Net cash used in investing activities was ¥10,377 million, down ¥7,534 million. The major outflow was ¥10,439 million for the payments for purchases of property, plant and equipment.

Net cash provided by financing activities was ¥2,360 million, down ¥6,317 million from the previous fiscal year. The inflow was mainly from proceeds from long-term borrowings of ¥13,732 million. The major outflow was ¥9,733 million for the repayment of long-term borrowings.

2) Financial policy

The Group currently procures funds for its operations from internal reserves or borrowings. The Group has a policy of procuring funds for investment and loans and funds for equipment to acquire manufacturing equipment inside and outside Japan via long-term borrowings. With regard to when to procure such funds and the conditions for such procurement, the Group strives to select the most favorable timing and conditions.

3) Trends in cash flow indicators

The trends in cash flow indicators of the Group’s are shown below.

	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012
Equity ratio *(%)*	45.0	36.7	38.4
Market value equity ratio *(%)*	43.3	18.5	24.7
Cash flows versus Interest-bearing debt ratio	3.6	4.8	4.4
Interest coverage ratio *(times)*	10.9	11.0	11.1

Equity ratio = Equity capital/Total assets

Market value equity ratio = Stock market capitalization/Total assets

Cash flow versus interest-bearing debt ratio = Interest-bearing debt/Operating cash flow

Interest coverage ratio = Operating cash flow/Interest payment

Notes:

* Each indicator is calculated based on consolidated financial values.
* The stock market capitalization is calculated as follows: term-end closing stock price x term-end number of shares issued (after deducting shares of treasury stock).
* The operating cash flow represents the cash flow provided by (used in) operating activities as indicated in the consolidated statements of cash flows. Of the liabilities posted on the consolidated balance sheets, the interest-bearing debt covers all the liabilities for which interest was paid. The interest payment represents the payment of interest indicated in the consolidated statements of cash flow.

Business Risks

Major risks involved in the businesses conducted by the Company and the Group are as follows.

(1) The Group's major customers' businesses performance

The Group's major customers are brand manufacturers of digital household appliances, personal computers, communications equipment and devices, and automobile electronic control equipment, among others. The Group's major businesses are the manufacture and sales of PCBs, which are positioned as parts that constitute a core function of finished products. Should natural disaster or the global economy in turmoil, influence the trend of the economy and consumer spending, and adversely impact the markets of the industries in which the Group's major customers operate, or lead to sluggish sales of their finished products, such factors could influence the order volume received by the Group and affect the Group's business performance.

(2) Risks related to the timing of capital investments

The Group conducts appropriate capital investments to enhance productivity and maintain product competitiveness. Although overseas and domestic capital investments are carefully determined considering brand manufacturers' business performance and market trends, should brand manufacturers change strategies or the Group's capital investments become excessive due to the downturn of the economy, or the operation of new facilities be delayed, such factors as the burden of depreciation costs would adversely affect the Group's business results and financial position.

(3) Possibility of product defects

PCBs are mounted with electronic components and then embedded in finished products by brand manufacturers. The Group manufactures PCBs in compliance with the world's accepted quality control standards. In addition, brand manufacturers conduct inspections upon receipt and inspect the finished products to prevent the occurrence of product defects. However, should a large-scale recall or a product liability lawsuit occur, such an incident would incur significant costs and harm the value of our corporate brand, which could adversely affect the Group's performance.

(4) Technological development and price competition

Although the Group believes in the long-term expansion of demand for PCBs due to the worldwide dissemination of digital household appliances and the further advancement of electronic automobile components, to address the intensifying global competition due to downward pressure from Southeast Asia, Japanese manufacturers need to differentiate their products by adding higher value. To this end, the Group is developing various technologies such as element technologies to make wires thinner and minimize hole diameters, as well as cost-reduction technologies. However, should such technologies diverge from market needs and not be accepted, we might get embroiled in a price competition, which could affect the Group's business performance.

(5) Natural disaster

The Group's major manufacturing bases are the Yamagata Factory (Yamagata Meiko Electronics Co., Ltd.), the Fukushima Factory and the Miyagi Factory, which are all located in the Tohoku region. The Group endeavors to prevent damage from natural disasters by such measures as securing the safety of its employees and protecting facilities against earthquakes and tsunami. However, the Great East Japan Earthquake and subsequent tsunami, which were beyond our capability to predict, seriously affected the Group's business performance. Should a disaster of that scale occur in the future, it could adversely affect the Company's business performance again, although careful preventive measures are in place based on this recent experience.

(6) Potential risks inherent in plant operations in China and Vietnam

To expand productivity and reduce production costs, the Group has established local corporations in Hong Kong, Guangzhou and Wuhan in China, and in Vietnam, conducting manufacturing and sales activities.

The following difficulties might occur in these countries.

1: Hygiene-related issues such as infectious diseases
2: Change or introduction of legal restrictions and the tax system
3: Failure of infrastructure such as electricity, water and transportation
4: Political uncertainty and public security-related issues
5: Anti-Japanese demonstrations and/or labor disputes

Should unexpected events such as changes in the political or legal environment or the economic situation occur, issues might arise in the management of production facilities and equipment and in the execution of other businesses, and adversely affect the Group's business performance and financial position.

(7) Foreign currency exchange rate fluctuation risk

To operate plants in China, we need to hold U.S. dollars and other foreign currency-denominated assets. Therefore, the Group is exposed to yen-to-yuan and yen-to-U.S. dollar exchange rate fluctuations. These fluctuations could result in losses.

(8) Raw materials market fluctuation risk

The Group purchases the raw materials necessary for manufacturing from external materials manufacturers and trading companies. The surge of materials prices of crude oil, copper, gold, etc., in recent years could influence the prices of the raw materials the Group purchases and adversely affect the Group's business performance and financial position.

(9) Financial risks

The Group has aggressively conducted capital investments at an amount higher than the funds it has acquired from operating activities to prepare for the anticipated medium- and long-term demand increase for digital household appliances and automobiles, as well as demand for new products in line with technological innovation.

As a result, the ratio of borrowings to total assets as of March 31, 2012, was 44.1%. In case we conduct further aggressive capital investment required by our business strategies, an increase in borrowings and/or interest rates could affect the Group's business performance and financial position.

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Consolidated Balance Sheets

Meiko Electronics Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2012**	2011	**2012**
Current Assets:			
Cash and cash equivalents (Notes 4 and 12)	¥ **3,752**	¥ 2,509	$ **45,679**
Receivables —			
Trade notes and accounts receivable (Notes 4 and 12)	**12,635**	14,634	**153,836**
Other receivables	**920**	690	**11,205**
Less: Allowance for doubtful accounts	**(17)**	(13)	**(200)**
Inventories —			
Merchandise and finished goods	**2,954**	4,380	**35,965**
Work in process	**2,774**	2,364	**33,779**
Raw materials and supplies	**3,343**	4,571	**40,701**
Deferred tax assets (Note 11)	**1,362**	967	**16,586**
Other	**721**	1,781	**8,779**
Total current assets	**28,444**	31,883	**346,330**
Property, Plant and Equipment, at Cost (Note 5):			
Land	**1,944**	1,944	**23,674**
Buildings and structures	**28,867**	22,985	**351,475**
Machinery and vehicles	**55,611**	45,760	**677,108**
Construction in progress	**5,263**	10,969	**64,080**
Other	**2,498**	2,328	**30,423**
	94,183	83,986	**1,146,760**
Less: Accumulated depreciation	**(37,756)**	(31,651)	**(459,710)**
Net property, plant and equipment	**56,427**	52,335	**687,050**
Intangible Assets	**590**	608	**7,178**
Investments and Other Assets:			
Investment securities (Notes 3 and 12)	**1,516**	1,723	**18,462**
Long-term loans receivable	**129**	43	**1,565**
Deferred tax assets (Note 11)	**1,716**	987	**20,891**
Other	**2,398**	2,415	**29,206**
Less: Allowance for doubtful accounts	**(46)**	(109)	**(564)**
Allowance for investment loss	**(69)**	(69)	**(840)**
Total investments and other assets	**5,644**	4,990	**68,720**
Total	¥ **91,105**	¥ 89,816	$ **1,109,278**

See notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Current Liabilities:			
Trade notes and accounts payable (Notes 4 and 12)	¥ **6,297**	¥ 8,591	$ **76,677**
Short-term borrowings (Notes 6 and 12)	**3,098**	4,149	**37,715**
Current portion of long-term borrowings (Notes 6 and 12)	**10,368**	9,211	**126,242**
Income taxes payable (Note 11)	**510**	79	**6,211**
Accrued bonuses	**460**	435	**5,595**
Provision for loss on disaster (Note 14)	**528**	773	**6,433**
Other (Note 4)	**5,355**	6,381	**65,204**
Total current liabilities	**26,616**	29,619	**324,077**
Long-term Liabilities:			
Long-term borrowings (Notes 6 and 12)	**26,749**	23,944	**325,693**
Provision for employees' retirement benefits (Note 7)	**1,324**	1,200	**16,118**
Long-term other payable	**903**	1,578	**10,998**
Provision for directors' retirement benefits	**261**	269	**3,178**
Other	**224**	226	**2,731**
Total long-term liabilities	**29,461**	27,217	**358,718**
Commitments and Contingent Liabilities (Note 5) :			
Net Assets (Note 8):			
Shareholders' Equity:			
Common stock, authorized - 63,200,000 shares issued - 19,403,320 shares in 2012 and 2011	**10,546**	10,546	**128,402**
Capital surplus	**12,467**	12,467	**151,797**
Retained earnings	**15,518**	14,359	**188,942**
Less: Treasury stock, at cost; Common stock, 629,244 shares in 2012 and 629,170 in 2011	**(396)**	(396)	**(4,826)**
Total shareholders' equity	**38,135**	36,976	**464,315**
Accumulated Other Comprehensive Income:			
Unrealized gains (losses) on available-for-sale securities	**(178)**	(106)	**(2,171)**
Deferred gains (losses) on hedges	**(90)**	(204)	**(1,093)**
Foreign currency translation adjustments	**(2,839)**	(3,686)	**(34,568)**
Total accumulated other comprehensive income	**(3,107)**	(3,996)	**(37,832)**
Total net assets	**35,028**	32,980	**426,483**
Total	¥ **91,105**	¥ 89,816	$ **1,109,278**

See notes to consolidated financial statements.

Consolidated Statements of Operations

Meiko Electronics Co., Ltd. and Consolidated Subsidiaries

For the Years ended March 31, 2012, 2011 and 2010

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	**2012**
Net Sales	¥ **62,973**	¥ 74,724	¥ 69,823	$ **766,746**
Cost of Sales (Note 9)	**54,770**	63,219	58,917	**666,866**
Gross profit	**8,203**	11,505	10,906	**99,880**
Selling, General and Administrative Expenses (Note 9)	**7,391**	8,207	7,113	**89,991**
Operating income	**812**	3,298	3,793	**9,889**
Other Income (Expenses):				
Interest expense, net	**(812)**	(737)	(761)	**(9,884)**
Dividend income	**13**	2	1	**160**
Compensation expenses	**(45)**	(33)	(175)	**(548)**
Foreign exchange gain (loss)	**587**	(252)	(25)	**7,148**
Gain on valuation of derivatives	**-**	-	168	**-**
Subsidy income	**109**	87	-	**1,324**
Net gain (loss) on sales and disposal of property, plant and equipment (Note 10)	**117**	(110)	(140)	**1,430**
Compensation income (Note 15)	**744**	-	-	**9,054**
Reversal of allowance for doubtful accounts	**-**	-	0	**-**
Gain on redemption of bonds	**-**	-	95	**-**
Loss on valuation of investment securities	**-**	-	(274)	**-**
Provision on allowance for investment loss	**-**	-	(69)	**-**
Gain on investment of securities	**-**	33	21	**-**
Loss on disaster (Note 14)	**(105)**	(4,943)	-	**(1,279)**
Expenses for business structure improvement	**-**	(483)	-	**-**
Loss on valuation of inventories (Note 16)	**(160)**	-	-	**(1,950)**
Loss on abolishment of retirement benefit plan	**(65)**	-	-	**(797)**
Environmental expenses (Note 17)	**(219)**	-	-	**(2,662)**
Depreciation	**(285)**	(33)	(33)	**(3,466)**
Other, net	**(157)**	(238)	(301)	**(1,917)**
Total	**(278)**	(6,707)	(1,493)	**(3,387)**
Income (Loss) before Income Taxes and Minority Interests	**534**	(3,409)	2,300	**6,502**
Income Taxes (Note 11):				
Current	**687**	212	394	**8,370**
Refund	**(413)**	-	-	**(5,033)**
Deferred	**(899)**	(526)	78	**(10,946)**
Total income taxes	**(625)**	(314)	472	**(7,609)**
Income (Loss) before Minority Interests	**1,159**	(3,095)	1,828	**14,111**
Minority Interests	**-**	0	0	**-**
Net Income (Loss)	¥ **1,159**	¥ (3,095)	¥ 1,828	$ **14,111**

	Yen			U.S. dollars (Note 1)
Per Share of Common Stock:				
Net income (loss)	¥ **61.73**	¥ (166.32)	¥ 107.39	$ **0.75**
Cash dividends applicable to the year	**5.00**	12.00	20.00	**0.06**

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Meiko Electronics Co., Ltd. and Consolidated Subsidiaries

For the Years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Income (Loss) before Minority Interests	**¥ 1,159**	¥ (3,095)	**$ 14,111**
Other Comprehensive Income (Note 18):			
Unrealized gains (losses) on available-for-sale securities	**(72)**	(121)	**(886)**
Deferred gains (losses) on hedges	**114**	(106)	**1,392**
Foreign currency translation adjustments	**847**	(1,985)	**10,314**
Total other comprehensive income	**889**	(2,212)	**10,820**
Comprehensive Income (Note 18)	**2,048**	(5,307)	**24,931**
Comprehensive Income Attributable to (Note 18):			
Owners of the Company	**¥ 2,048**	¥ (5,307)	**$ 24,931**
Minority interests	**-**	0	**-**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Meiko Electronics Co., Ltd. and Consolidated Subsidiaries
For the Years ended March 31, 2012, 2011 and 2010

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	**2012**
Shareholders' Equity:				
Common Stock (Note 8):				
Beginning balance	¥ **10,546**	¥ 10,546	¥ 8,861	$ **128,402**
Capital increase upon issuance of 1,696,000 shares of common stock	-	-	1,685	-
Ending balance	¥ **10,546**	¥ 10,546	¥ 10,546	$ **128,402**
Capital Surplus (Note 8):				
Beginning balance	¥ **12,467**	¥ 12,135	¥ 10,450	$ **151,797**
Capital increase upon issuance of 1,696,000 shares of common stock	-	-	1,685	-
Gain on disposal of treasury stock	-	332	-	-
Ending balance	¥ **12,467**	¥ 12,467	¥ 12,135	$ **151,797**
Retained Earnings (Note 8):				
Beginning balance	¥ **14,359**	¥ 17,860	¥ 16,367	$ **174,831**
Net income	**1,159**	(3,095)	1,828	**14,111**
Cash dividends paid	-	(406)	(335)	-
Ending balance	¥ **15,518**	¥ 14,359	¥ 17,860	$ **188,942**
Treasury Stock, at cost; Common Stock:				
Beginning balance	¥ **(396)**	¥ (594)	¥ (594)	$ **(4,825)**
Purchase of treasury stock	**(0)**	(0)	-	**(1)**
Disposal of treasury stock	-	198	-	-
Ending balance	¥ **(396)**	¥ (396)	¥ (594)	$ **(4,826)**
Total shareholders' equity	¥ **38,135**	¥ 36,976	¥ 39,947	$ **464,315**
Accumulated Other Comprehensive Income:				
Unrealized Gains (Losses) on Available-for-sale Securities:				
Beginning balance	¥ **(106)**	¥ 15	¥ 13	$ **(1,285)**
Net increase (decrease)	**(72)**	(121)	2	**(886)**
Ending balance	¥ **(178)**	¥ (106)	¥ 15	$ **(2,171)**
Deferred Gains (Losses) on Hedges:				
Beginning balance	¥ **(204)**	¥ (98)	¥ (195)	$ **(2,485)**
Net increase (decrease)	**114**	(106)	97	**1,392**
Ending balance	¥ **(90)**	¥ (204)	¥ (98)	$ **(1,093)**
Foreign Currency Translation Adjustments:				
Beginning balance	¥ **(3,686)**	¥ (1,701)	¥ (331)	$ **(44,882)**
Net increase (decrease)	**847**	(1,985)	(1,370)	**10,314**
Ending balance	¥ **(2,839)**	¥ (3,686)	¥ (1,701)	$ **(34,568)**
Total accumulated other comprehensive income	¥ **(3,107)**	¥ (3,996)	¥ (1,784)	$ **(37,832)**
Minority Interests:				
Beginning balance	¥ **-**	¥ 5	¥ 5	$ **-**
Net increase (decrease)	-	(5)	0	-
Ending balance	¥ **-**	¥ -	¥ 5	$ **-**
Total Net Assets	¥ **35,028**	¥ 32,980	¥ 38,168	$ **426,483**

	Number of Shares		
Number of outstanding shares:			
Beginning balance	**19,403,320**	19,403,320	17,707,320
Issuance of common stock	-	-	1,696,000
Repurchase of treasury stock	**(629,244)**	(629,170)	(942,700)
Ending balance	**18,774,076**	18,774,150	18,460,620

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Meiko Electronics Co., Ltd. and Consolidated Subsidiaries

For the Years ended March 31, 2012, 2011 and 2010

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	**2012**
Operating Activities:				
Income (loss) before income taxes and minority interests	¥ **534**	¥ (3,409)	¥ 2,300	$ **6,502**
Adjustments to reconcile income before income taxes to net cash provided by operating activities:				
Depreciation and amortization	**6,423**	6,533	6,794	**78,208**
Increase (decrease) in allowance for doubtful accounts	**(3)**	5	(3)	**(35)**
Increase (decrease) in allowance for investment loss	**-**	(16)	69	**-**
Increase in provision for employees' retirement benefits	**124**	110	146	**1,507**
Decrease in provision for directors' retirement benefits	**(8)**	-	-	**(101)**
Increase (decrease) in accrued bonuses	**24**	(130)	7	**296**
Increase (decrease) in accrued bonuses to directors and corporate auditors	**-**	(24)	12	**-**
Interest income and dividend income	**(30)**	(20)	(26)	**(360)**
Interest expenses	**828**	755	786	**10,083**
Foreign exchange gain	**(781)**	(707)	(703)	**(9,504)**
Net loss (gain) on sales and disposal of property, plant and equipment	**(117)**	110	140	**(1,430)**
Loss on valuation of investment securities	**-**	-	274	**-**
Loss on sale of investment securities	**-**	-	7	**-**
Gain on redemption of bonds	**-**	-	(95)	**-**
Compensation income	**(744)**	-	-	**(9,054)**
Loss on disaster	**105**	4,943	-	**1,279**
Business structure improvement expenses	**-**	483	-	**-**
Decrease (increase) in trade notes and accounts receivable	**1,578**	2,694	(2,058)	**19,219**
Decrease (increase) in inventories	**2,237**	(3,832)	(549)	**27,232**
Increase (decrease) in trade notes and accounts payable	**(2,342)**	713	2,809	**(28,512)**
Decrease (increase) in other assets	**1,072**	(181)	(498)	**13,056**
Increase in other liabilities	**788**	878	532	**9,581**
Subtotal	**9,688**	8,905	9,944	**117,967**
Interest and dividend received	**30**	20	26	**359**
Interest paid	**(834)**	(717)	(811)	**(10,152)**
Proceeds from compensation income	**744**	-	-	**9,054**
Payments for loss on disaster	**(645)**	(6)	-	**(7,858)**
Income taxes refund	**468**	-	115	**5,701**
Income taxes paid	**(199)**	(286)	(433)	**(2,420)**
Net cash provided by operating activities	**9,252**	7,916	8,841	**112,651**
Investing Activities:				
Payments for purchases of property, plant and equipment	**(10,439)**	(16,104)	(6,367)	**(127,106)**
Proceeds from sales of property, plant and equipment	**153**	23	23	**1,866**
Payments for purchases of intangible assets	**(144)**	(228)	(63)	**(1,747)**
Payments for purchases of investment securities	**(0)**	(1,256)	(278)	**(1)**
Increase in time deposits	**-**	-	249	**-**
Payments for insurance policies	**(51)**	(59)	(56)	**(620)**
Proceeds from maturity of insurance funds	**94**	-	-	**1,143**
Other, net	**10**	(287)	433	**115**
Net cash used in investing activities	**(10,377)**	(17,911)	(6,059)	**(126,350)**
Financing Activities:				
Increase (decrease) in short-term borrowings	**(1,150)**	112	(3,821)	**(14,003)**
Proceeds from long-term borrowings	**13,732**	15,896	8,597	**167,200**
Payments for long-term borrowings	**(9,733)**	(6,817)	(6,324)	**(118,504)**
Payments for redemption of bonds	**-**	-	(4,405)	**-**
Proceeds from issuance of common stock	**-**	-	3,370	**-**
Payments for installment liabilities	**(488)**	(637)	(820)	**(5,943)**
Payments for purchase of treasury stock	**(0)**	(0)	-	**(1)**
Proceeds from disposal of treasury stock	**-**	529	-	**-**
Cash dividends paid	**(1)**	(406)	(339)	**(16)**
Net cash provided by (used in) financing activities	**2,360**	8,677	(3,742)	**28,733**
Effect of exchange rate changes on Cash and Cash Equivalents	**8**	(182)	(177)	**101**
Net Increase (Decrease) in Cash and Cash Equivalents	**1,243**	(1,500)	(1,137)	**15,135**
Cash and Cash Equivalents at Beginning of Year	**2,509**	4,009	5,146	**30,544**
Cash and Cash Equivalents at End of Year	¥ **3,752**	¥ 2,509	¥ 4,009	$ **45,679**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Meiko Electronics Co., Ltd. and Consolidated Subsidiaries
For the Years ended March 31, 2012, 2011 and 2010

1. 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.
Effective from the year ended March 31, 2011, the Company adopted "Accounting Standard for Presentation of Comprehensive Income" (Accounting Standards Board of Japan ("ASBJ") Statement No.25, issued on June 30, 2010) and "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, revised on June 20, 2010). As a result of the adoption of the standard, the Company has prepared the consolidated statement of comprehensive income from the year ended March 31, 2011.
Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 18 as required.
In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to present them in a form which is more familiar to readers outside Japan.
In addition, the notes to the consolidated financial statements include information which is not required under Japanese GAAP, but is presented herein as additional information.
The consolidated financial statements are denominated 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 ¥82.13 to $1, the approximate rate of exchange at March 31, 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.

2. Significant Accounting Policies

The following is a summary of the significant accounting policies adopted by the Company and its consolidated subsidiaries in the preparation of the consolidated financial statements.

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its significant 10 (11 in 2011 and 13 in 2010) subsidiaries (together, the "Group").
The difference between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries ("goodwill") is amortized over a period of five years. All significant inter-company accounts and transactions have been eliminated. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries.
Investments in certain unconsolidated subsidiaries are accounted for by cost method due to immateriality in view of consolidation.

(b) Equity Method

Investments in unconsolidated subsidiaries and affiliates are accounted for by the equity method. However, certain investments in unconsolidated subsidiaries and affiliates are not accounted for by the equity method and are stated at cost because the effect of their net income or losses and retained earnings on the accompanying consolidated financial statements is immaterial.

(c) Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificate of deposits, and commercial paper, all of which mature or become due within three months of the date of acquisition.

(d) Translation of Foreign Currency Accounts

Current and non-current receivables and payables in foreign currencies are translated at current rates prevailing at the balance sheet date and the resulting exchange gains or losses are recognized in the consolidated statements of operations.
Financial statements of consolidated overseas subsidiaries are translated into Japanese yen at the exchange rate at the balance sheet date, except that shareholders' equity accounts are translated at historical rates and statement of income items resulting from transactions with the Company at the rates used by the Company.
Foreign currency translation adjustments resulting from translation of foreign currency financial statements prepared by consolidated overseas subsidiaries are presented in net assets in the consolidated balance sheets.

(e) Inventories

Inventories are stated at cost, determined by the first-in-first-out method. However, they are written down due to decreased profitability where appropriate.

(f) Depreciation and Amortization

Depreciation of property, plant and equipment for the Company and its domestic subsidiaries is computed on the following method over their estimated useful lives:
For buildings:
- acquired before March 31, 1998 : declining balance method under pre-2007 tax reform
- acquired between April 1, 1998 and March 31, 2007 : straight-line method under pre-2007 tax reform
- acquired after April 1, 2007 : straight-line method

For assets other than buildings:
- acquired before March 31, 2007 : declining balance method under pre-2007 tax reform
- acquired after April 1, 2007 : declining balance method

For assets acquired before March 31, 2007 that have been depreciated to 5% of their acquisition value using the previous method of calculating depreciation, the difference between the remaining 5% of the acquisition cost and a memorandum price will be written off in equal amounts over the five-year period beginning with the year following the year when the book value is depreciated to 5% of the acquisition costs. Depreciation of property, plant and equipment for foreign consolidated subsidiaries is computed on the straight-line method over their estimated useful lives.
Software for company use is carried at cost less accumulated amortization, which is calculated by the straight-line method over their estimated useful lives (five years).

(g) Allowance for Doubtful Accounts

The Company and its consolidated subsidiaries provide for doubtful accounts principally at an amount computed based on the historical bad debt ratio during a certain reference period plus an estimated uncollectible amount based on the analysis of certain individual accounts including claims in bankruptcy.

(h) Allowance for Investment Loss

The Company provides for investment loss principally at an amount computed based on the evaluation of individual financial and other conditions of subsidiaries.

(i) Accrued Bonuses

Accrued bonuses to employees are provided for the estimated amounts, which the Company and its consolidated subsidiaries are obligated to pay to employees after the fiscal year-end based on services rendered during the current year.

(j) Provision for loss on disaster

The provision for loss on disaster is provided for the estimated amounts principally for recovery of assets damaged by the Great East Japan Earthquake that occurred on March 11, 2011.

(k) Impairment Losses on Fixed Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is higher of asset's or cash-generating unit's fair value less costs to sell and its value in use.

(l) Investment Securities

The Company has classified all the equity securities as available-for-sale securities based on management's intention. Available-for-sale securities other than non-marketable are reported at fair value with unrealized gains or losses, net of applicable taxes, reported in a separate component of net assets.
Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

(m) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax assets are measured by applying currently enacted tax laws to the temporary differences.

(n) Leases

All finance lease transactions are capitalized to recognize lease assets and lease obligations in the consolidated balance sheet, except for leases which existed at April 1, 2008 and do not transfer ownership of the leased property to the lessee and are accounted for as operating lease transactions.

(o) Derivative Financial Instruments

The Group uses foreign currency forward contracts, interest rate swaps and copper price swaps as a means of hedging exposure to foreign currencies, interest risks and market fluctuation. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on transactions arising from derivative except for hedge purposes are recognized in the consolidated statements of operations and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

However, if the foreign currency forward contracts qualify for hedge accounting, hedged items such as foreign currency receivables and payables are translated at the contracted rates.

Also, if interest rate swap contracts are used as hedge and meet certain criteria, the net amount to be paid or received under the swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

(p) Goodwill

Goodwill on purchases of specific businesses and consolidation goodwill are carried at cost less accumulated amortization, which is calculated by the straight-line method over five years.

(q) Provision for Employees' Retirement Benefits

The Company and its domestic consolidated subsidiaries have a funded defined benefit pension plan covering substantially all employees.

The Company and its domestic consolidated subsidiaries account for the provision for retirement benefits based on projected benefit obligations and fair value of plan assets at the balance sheet date.

Actuarial gain or loss is amortized using the straight-line method over 13 years, which is less than the average remaining years of service of the employees, and the amortization will be started in the following year in which the gain or loss is recognized.

Prior service cost is amortized using the straight-line method over 10 years, which is less than the average remaining years of service of the employees.

(Change in pension plan)

The Company and Yamagata Meiko electronics Co., Ltd., a consolidated subsidiary, abolished qualified pension plan as of October 1, 2011 and transferred to lump-sum retirement plan. “Accounting for Transfers between Retirement Benefit Plans” (ASBJ Guidance No.1) was applied to this change. As a result, loss on abolishment of retirement benefit plan of ¥65 million ($797 thousand) is recognized for the year ended March 31, 2012.

(Change in accounting policies)

Effective from the year ended March 31, 2010, the Company and its domestic consolidated subsidiaries adopted “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No.19 issued on July 31, 2008). The new accounting standard requires domestic companies to use the rate of return on long-term government or gilt-edged bonds as of the end of the fiscal year for calculating the projected benefit obligation of a defined-benefit plan. Previously, domestic companies were allowed to use a discount rate determined by taking into consideration for fluctuations in the yield of long-term government or gilt-edged bonds over a certain period. This change had no impact on operating income and income before income taxes and minority interests for the year ended March 31, 2010.

(r) Provision for Directors' Retirement Benefits

The Company and its domestic consolidated subsidiaries account for the provision for directors' retirement benefits at balance sheet date in accordance with internal regulations.

(s) Appropriations of Retained Earnings

Appropriations of retained earnings are reflected in the accompanying consolidated financial statements for the following year upon shareholders' approval.

(t) Per Share Information

Dividends per share shown in the consolidated statements of operations have been presented on an accrual basis and include, in each fiscal period, dividends approved after each balance sheet date, but applicable to the fiscal period then ended.

Net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

The diluted net income per share is omitted as the Company had no potential dilutive shares.

(u) Asset Retirement Obligations

Effective from the year ended March 31, 2011, the Company and its consolidated domestic subsidiaries adopted “Accounting Standards for Asset Retirement Obligations” (ASBJ Statement No.18 issued on March 31, 2008) and “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No.21, issued on March 31, 2008). The effect of this adoption to net income (loss) was immaterial.

(v) Business Combination

Effective from the year ended March 31, 2011, the Company and its domestic consolidated subsidiaries adopted “Accounting Standard for Business Combinations” (ASBJ Statement No.21, issued on December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, issued on December 26, 2008), “Partial amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No.23, issued on December 26, 2008), “Accounting Standard for Business Divestitures” (ASBJ Statement No.7, issued on December 26, 2008), “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No.16, issued on December 26, 2008), and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10, issued on December 26, 2008).

(w) Income before Minority Interests

Effective from the year ended March 31, 2011, the Company and its domestic consolidated subsidiaries adopted “Regulation for Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5, issued on March 24, 2009), based on “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008). The account of “Income (Loss) before Minority Interests” was separately presented due to the adoption.

(x) Application of “Accounting Standard for Accounting Changes and Error Corrections”

Effective from the year ended March 31, 2012, the Company and its domestic consolidated subsidiaries adopted “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, issued on December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, issued on December 4, 2009) for changes in accounting policies and corrections of figures on and after the beginning of the fiscal year ended March 31, 2012.

(y) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

The Company adopted “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, issued on February 19, 2010), and necessary modifications have been made for consolidation.

(z) Reclassifications

Certain prior year amounts have been reclassified to conform to the presentations for the year ended March 31, 2012.

3. Investment Securities

All the equity securities, classified as available-for-sale securities, are included in non-current investment securities.
The carrying amounts and aggregate fair values of the available-for-sale securities as of March 31, 2012 and 2011 are as follows:

	2012					
	Millions of yen			**Thousands of U.S. dollars**		
	Fair Value	**Acquisition Cost**	**Unrealized Gains (Losses)**	**Fair Value**	**Acquisition Cost**	**Unrealized Gains (Losses)**
Securities whose carrying value exceeds their acquisition cost:						
Equity securities	¥ **43**	¥ **26**	¥ **17**	$ **525**	$ **313**	$ **212**
Securities whose carrying value doesn't exceed their acquisition cost:						
Equity securities	**363**	**651**	**(288)**	**4,424**	**7,931**	**(3,507)**
Other	**18**	**24**	**(6)**	**214**	**290**	**(76)**
Total	¥ **424**	¥ **701**	¥ **(277)**	$ **5,163**	$ **8,534**	$ **(3,371)**

	2011		
	Millions of yen		
	Fair Value	Acquisition Cost	Unrealized Gains (Losses)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	¥ 147	¥ 127	¥ 20
Securities whose carrying value doesn't exceed their acquisition cost:			
Equity securities	431	550	(119)
Other	46	53	(7)
Total	¥ 624	¥ 730	¥ (106)

Information on available-for-sale securities whose fair value is not readily determinable as of March 31, 2012 and 2011 are described in Note 12.

The following table summarizes available-for-sale securities sold in the year ended March 31, 2010.

	Millions of Yen
	2010
Sales value	¥ 34
Gain on sale	−
Loss on sale	7

There were no available-for-sale securities sold in the years ended March 31, 2012 and 2011.

Note: The Company recognized impairment losses, ￥274 million on available-for-sale securities during the year ended March 31, 2010.
The Company did not recognize impairment loss on available-for-sale securities for the years ended March 31, 2012 and 2011.

4. Notes Matured at End of Fiscal Year

March 31, 2012, the end of current fiscal year coincided with a bank holiday and the following notes that matured at the end of the fiscal year were accounted for as if they were settled on their date of maturity.

	Millions of yen	Thousands of U.S. dollars
	2012	**2012**
Notes receivable	¥ **73**	$ **885**
Notes payable	¥ **44**	$ **532**
Notes payable for equipments	¥ **1**	$ **10**

5. Leases

The Group leases certain machinery, computer equipment, software and other assets.

As described in Note 2 (n), lease assets under finance leases that do not transfer ownership to lessees are capitalized and amortized to residual value of zero using the straight line method with useful life defined by the terms of the contract effective from the fiscal year beginning April 1, 2008.

Pro forma information on leased property, such as acquisition costs, accumulated depreciation and net book value for property held under finance leases which commenced prior to April 1, 2008 and do not transfer ownership of the leased property to the lessee on an “as if capitalized” basis for the year ended March 31, 2011 was as follows:

Information for the year ended March 31, 2012 is not disclosed since there are no finance leases which commenced prior to April 1, 2008 and do not transfer ownership of the leased property to the lessee as of March 31, 2012.

	Millions of yen		
	2011		
	Acquisition Cost	Accumulated Depreciation	Net leased Property
Machinery and vehicles	¥ 330	¥ 284	¥ 46
Total	¥ 330	¥ 284	¥ 46

Obligations under finance leases:

	Millions of yen
	2011
Due within one year	¥ 53
Due after one year	-
Total	¥ 53

Depreciation expense and interest expense, which are not reflected in the accompanying statements of operations, computed by straight-line method and the interest method are as follows:

	Millions of yen			Thousands of U.S. dollars
	2012	2011	2010	**2012**
Lease payments	**¥ 53**	¥ 74	¥ 155	**$ 647**
Depreciation expense	**¥ 46**	¥ 68	¥ 145	**$ 554**
Interest expense	**¥ 1**	¥ 3	¥ 6	**$ 9**

6. Short-term Borrowings and Long-term Debt

Short-term borrowings and long-term debt as of March 31, 2012 and 2011 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Short-term borrowings with average interest rate of 3.18% for 2012 and 2.63% for 2011	**¥ 3,098**	¥ 4,149	**$ 37,715**
Current portion of long-term borrowings with average interest rate of 1.73% for 2012 and 1.92% for 2011	**10,368**	9,211	**126,242**
Current portion of other liabilities with average interest rate of 2.17% for 2012 and 1.81% for 2011	**73**	225	**899**
Total short-term	**13,539**	13,585	**164,856**
Long-term borrowings with average interest rate of 1.57% for 2012 and 1.54% for 2011, less current portion	**26,749**	23,944	**325,693**
Long-term other payable, less current portion	**59**	367	**713**
Total long-term	**26,808**	24,311	**326,406**
Total	**¥ 40,347**	¥ 37,896	**$ 491,262**

* Average interest rate of borrowings represents the weighted average rate for the outstanding balances at March 31, 2012 and 2011. Average interest rate of other liabilities represents the weighted average rate for the average of the outstanding balances at April 1, 2011 and March 31, 2012.

The aggregate annual maturities of long-term debt as of March 31, 2012 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2013	**¥ 10,441**	**$ 127,141**
2014	**10,670**	**129,918**
2015	**7,527**	**91,646**
2016	**5,387**	**65,587**
2017 and thereafter	**3,224**	**39,255**
Total	**¥ 37,249**	**$ 453,547**

7. Provision for Employees' Retirement Benefits

The Company and Yamagata Meiko Electronics Co., Ltd. had a funded defined benefit pension plan, such as qualified pension plan and lump-sum retirement plan for the year ended March 31, 2011. The Company and Yamagata Meiko electronics Co., Ltd. abolished qualified pension plan as of October 1, 2011, and transferred to lump-sum retirement plan. Other domestic consolidated subsidiaries have had a lump-sum retirement plan.

Although the Company and certain domestic consolidated subsidiaries also contribute to a jointly sponsored employee pension fund, related benefit obligation, plan assets and benefit costs are excluded from the following calculation because it is difficult to assess the plan assets reasonably.

The provision for employees' retirement benefits at March 31, 2012 and 2011 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Projected benefit obligation	¥ **(1,366)**	¥ (1,763)	$ **(16,633)**
Fair value of plan assets	**-**	512	**-**
Unrecognized actuarial gain (loss)	**45**	51	**555**
Unrecognized prior service cost	**(3)**	-	**(40)**
Net liability	¥ **(1,324)**	¥ (1,200)	$ **(16,118)**

The components of net periodic benefit costs for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Service cost	¥ **159**	¥ 163	$ **1,942**
Interest cost	**23**	23	**278**
Expected return on plan assets	**(1)**	(3)	**(18)**
Recognized prior service cost	**(0)**	-	**(2)**
Recognized actuarial loss	**6**	11	**83**
Net periodic retirement benefit costs	¥ **187**	¥ 194	$ **2,283**

Note 1: In addition, loss on abolishment of retirement benefit plan of ¥65 million ($797 thousand) is recognized for the year ended March 31, 2012.
2: Prior service cost is recognized following to abolishment of qualified pension plan and transition to lump-sum retirement plan.

Assumptions used for the years ended March 31, 2012 and 2011 are set forth as follows:

	2012	2011
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**1.0%**	1.0%
Recognition prior service cost	**10 years**	-
Recognition period of actuarial gain/loss	**13 years**	13 years

Descriptions of the multi-employer pension plan to which contributions are recognized as expense are as follows:

(1) Funded status (as of March 31, 2011)	Millions of yen	Thousands of U.S. dollars
Fair value of plan assets	¥ **47,907**	$ **583,313**
Benefit obligation on the basis of pension financing	**49,265**	**599,842**
Funded status	¥ **(1,358)**	$ **(16,529)**

(2) Contribution share ratio of the Company and certain domestic consolidated subsidiaries to total pension plan (from April 1, 2010 to March 31, 2011)	Millions of yen	Thousands of U.S. dollars
Gross pay (of total pension plan)	¥ **59,985**	$ **730,372**
Gross pay (of the Group)	**4,109**	**50,034**
Ratio	**6.85%**	**6.85%**

(3) Supplement remarks The funded status described in above (1) was calculated as follows:	Millions of yen	Thousands of U.S. dollars
General reserve	¥ **585**	$ **7,124**
Less:		
Balance of unrecognized prior service cost	**1,943**	**23,653**
Carried over shortage	**-**	**-**
Funded status	¥ **(1,358)**	$ **(16,529)**

Balance of unrecognized prior service cost is recognized by equal payment method over 6 years and 4 months and the remaining period is 5 years and 4 months as of March 31, 2012.

8. Net assets

Under the Japanese Corporation Law (“the Law”) and regulations, the entire amount paid for new shares is required to be designated as capital stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

In cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of capital stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.
Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.
The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

9. Research and Development Costs

Research and development costs included in selling, general and administrative expenses and manufacturing costs are ¥961million ($11,707 thousand), ¥1,215 million and ¥1,437 million for the years ended March 31, 2012, 2011 and 2010 respectively.

10. Net Gain (Loss) on Sales and Disposal of Property, Plant and Equipment

Significant components of net gain (loss) on sales and disposal of property, plant and equipment for the years ended March 31, 2012, 2011 and 2010 are as follows:

	Millions of yen			Thousands of U.S. dollars
Gain:	**2012**	2011	2010	**2012**
Buildings and structures	**¥ 0**	¥ 8	¥ -	**$ 0**
Machinery and vehicles	**59**	2	0	**720**
Construction in progress	**76**	-	-	**926**
Others	**0**	-	0	**1**
Total gain	**135**	10	0	**1,647**
Loss:				
Buildings and structures	**0**	9	19	**4**
Machinery and vehicles	**15**	104	112	**177**
Construction in progress	**0**	2	0	**1**
Removal cost	**-**	-	3	**-**
Others	**3**	5	6	**35**
Total loss	**18**	120	140	**217**
Net gain (loss)	**¥ 117**	¥ (110)	¥ (140)	**$ 1,430**

11. Income Taxes

Income taxes applicable to the Company consist of corporate tax, inhabitant tax and enterprise tax, which in the aggregate resulted in the normal statutory tax rates of approximately 40.6% for the years ended March 31, 2012, 2011 and 2010.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Deferred Tax Assets:			
Elimination of unrealized profits	**10**	23	**124**
Accrued bonuses	**176**	204	**2,144**
Liability for employees' retirement benefits	**473**	487	**5,764**
Provision for directors' retirement benefits	**93**	110	**1,131**
Accrued enterprise tax	**48**	4	**591**
Allowance for doubtful accounts	**18**	274	**221**
Tax loss carryforwards	**971**	2,191	**11,820**
Valuation loss of inventories	**17**	40	**204**
Difference on depreciation period	**872**	821	**10,614**
Loss on valuation of investment securities	**-**	4	**-**
Allowance for investment loss	**25**	98	**299**
Loss on revaluation of golf club memberships	**36**	41	**439**
Loss on disaster	**172**	92	**2,089**
Business structure improvement loss	**-**	156	**-**
Deferred gains (losses) on hedges	**80**	85	**977**
Valuation difference on available-for-sale securities	**98**	43	**1,199**
Other	**298**	47	**3,630**
Less: valuation allowance	**(276)**	(2,751)	**(3,365)**
Total	**¥ 3,111**	¥ 1,969	**$ 37,881**

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Deferred Tax Liabilities:			
Deferred gains (losses) on hedges	**¥ (33)**	¥ (15)	**$ (404)**
Total	**¥ (33)**	¥ (15)	**$ (404)**
Deferred Tax Assets, Net:	**¥ 3,078**	¥ 1,954	**$ 37,477**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for years ended March 31, 2012 and 2010 are as follows:

A reconciliation for the year ended March 31, 2011 is omitted due to pre-tax loss.

	2012	2010
Statutory tax rate	**40.6%**	40.6%
Expenses not deductible for tax purpose	**2.8%**	0.4%
Non-taxable dividend income	**(2.7)%**	-
Per capita inhabitant tax	**3.4%**	0.9%
Tax credits for research and development costs	**-**	(4.5)%
Foreign tax credits	**-**	(5.5)%
Tax rate difference in foreign subsidiaries	**154.1%**	(17.5)%
Refund of income taxes	**(77.4)%**	-
Reduction of deferred tax assets due to income tax rates change	**24.0%**	-
Valuation allowance	**(257.5)%**	4.6%
Other, net	**(4.3)%**	1.5%
Actual effective tax rate	**(117.0)%**	20.5%

Following the promulgation of the "Act for Partial Amendment of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114, 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117, 2011) on December 2, 2011, the statutory tax rates used to calculate deferred tax assets and liabilities will be changed from 40.63% to 37.96% for temporary differences expected to reverse in the consolidated fiscal years beginning from April 1, 2012 to April 1, 2014, and 35.58% for those expected to reverse in the consolidated fiscal years beginning from April 1, 2015 and thereafter.

As a result of this change, deferred tax assets, net of deferred tax liabilities, decreased by ¥151 million ($1,838 thousand). Income taxes - deferred, unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedges increased by ¥128 million ($1,562 thousand), ¥14 million ($170 thousand), and ¥9 million ($105 thousand), respectively for the year ended March 31, 2012.

12. Financial Instruments

(a) Qualitative information on financial instruments

(1) Policies for using financial instruments

The Group finances necessary funds mainly through bank loans and bond issues according to the capital investment plan for the production and sales of PCB. Temporary and excessive funds are operated by highly stable financial instruments and the Group finances short-term operating capital by bank loans. Derivative transactions are only utilized to hedge the risks mentioned in (2) below.

(2) Details of financial instruments used and exposures to risk and how they arise

Operating receivables such as trade notes and accounts receivable are exposed to credit risk. Some operating receivables, which are dominated in foreign currencies due to global operations, are exposed to foreign currency fluctuation risk. The Group might utilize foreign exchange forward contracts if necessary except for those within the range of the operating payables dominated in the same foreign currency. Investments securities mainly consist of securities of companies in which a business relationship has been established and they are exposed to market fluctuation risk.

Operating payables such as trade notes and accounts payable are due within one year.
Some of the operating payables relating to imports of raw materials are dominated in foreign currencies and are exposed to foreign currency fluctuation risk. The Group might utilize foreign exchange forward contracts if necessary except for those within the range of the operating receivables dominated in the same foreign currency. Loans are mainly used for the purpose of financing capital investments. Some of them are variable interest loans and are exposed to interest fluctuation risk. The Group utilizes interest rate swaps to hedge the risk. Regarding derivative transactions, the Group utilizes foreign exchange forward contracts to hedge foreign currency fluctuation risk of operating receivables and payables dominated in foreign currencies and interest rate swaps to hedge interest fluctuation risk.
The Group utilizes commodity forward contracts to hedge copper price fluctuation risk.

(3) Policies and processes for managing the risk

(i) Credit risk management (risk of default by the counterparties)

The sales management department in the Company follows sales management rules, monitors the customers' credit conditions periodically and manages the due date and balance per customer. The Company keeps track of the adverse financial conditions of its customers in the early stage to mitigate the uncollectible risk.
The Company enters into derivative transactions only with the credit worthy financial institutions to mitigate the credit risk.

(ii) Market risk management (risk of foreign currency fluctuations and interests)

Regarding the trade receivables and trade payables dominated in foreign currencies, the Company utilizes foreign exchange forward contracts if necessary to hedge the foreign currency fluctuation risk, which is controlled by each currency and on a monthly basis. For investment securities, the Company regularly reviews the fair value and issuers' financial condition and readjust Company's portfolio on an ongoing basis considering the business relationship with counterparties. Derivative transactions are based on the internal rules and executed after getting the approval from the approver and managed by Finance Dept. Contents of the derivative transactions are reported to Board of Directors' meeting periodically.

(iii) Liquidity risk management (risk of default at the due dates)

The Company prepares and updates the cash management plan based on the reports from each department to manage liquidity risk on a timely basis.

(4) Supplemental information on fair values

As well as the values based on market prices, fair values of financial instruments include values which are reasonably calculated in case market prices do not exist.
As the calculation of those values adopts certain assumptions, those values may vary in case different assumptions are applied.
Also, for the contract amount regarding derivative transactions described in Note 13, the contract amount itself does not indicate market risk related to derivative transactions.

(b) Fair values of financial instruments

Book values of the financial instruments included in the consolidated balance sheets and their fair values at March 31, 2012 and 2011 are as follows:

	2012					
	Millions of yen			**Thousands of U.S. dollars**		
	Book Value	**Fair Value**	**Difference**	**Book Value**	**Fair Value**	**Difference**
Cash and cash equivalents	¥ **3,752**	¥ **3,752**	¥ **-**	$ **45,679**	$ **45,679**	$ **-**
Time deposits	**219**	**219**	**-**	**2,667**	**2,667**	**-**
Trade notes and accounts receivable	**12,635**	**12,635**	**-**	**153,836**	**153,836**	**-**
Investment securities:						
Available-for-sale securities..	**424**	**424**	**-**	**5,163**	**5,163**	**-**
Trade notes and accounts payable	¥ **6,297**	¥ **6,297**	¥ **-**	$ **76,677**	$ **76,677**	$ **-**
Short-term borrowings...	**3,098**	**3,098**	**-**	**37,715**	**37,715**	**-**
Long-term borrowings...	**37,117**	**37,262**	**145**	**451,935**	**453,704**	**1,769**
Derivative financial instruments	¥ **-**	¥ **-**	¥ **-**	$ **-**	$ **-**	$ **-**

	2011		
	Millions of yen		
	Book Value	Fair Value	Difference
Cash and cash equivalents	¥ 2,509	¥ 2,509	¥ -
Time deposits	219	219	-
Trade notes and accounts receivable	14,634	14,634	-
Investment securities:			
Available-for-sale securities..	624	624	-
Trade notes and accounts payable	¥ 8,591	¥ 8,591	¥ -
Short-term borrowings...	4,149	4,149	-
Long-term borrowings...	33,155	33,222	67
Derivative financial instruments	¥ -	¥ -	¥ -

The financial instruments whose fair value is extremely difficult to determine are not included above.

(1) Valuation method of the fair value of financial instruments and information of investment securities and derivative transactions

(i). Cash and cash equivalents, (ii). Time deposits, (iii). Notes and accounts receivable
The carrying value is deemed as the fair value since it is scheduled to be settled in a short period of time.
(iv). Investment securities
Fair value of equity securities is based on the quoted price on stock exchange. Please refer to Note 3 regarding the information of the fair value for the investment in securities by classification.
(v). Trade notes and accounts payable, (vi) Short-term borrowings
The carrying value is deemed as the fair value since it is scheduled to be settled in a short period of time.
(vii). Long-term borrowings
The fair values are measured as the net present value of estimated future cash flows by discounting the principal and interest value using the loan interest rate applied to the new loans. If the variable interest rate loans meet certain criteria for the short cut method (If interest rate swap contracts are used as a hedge and meet certain hedging criteria, the interest rate swaps are not remeasured at market price and the amount to be received under the interest rate swap contract is added to or deducted from the interest on the liabilities for which the swap contract was executed), the sum of principal and the interest processed as interest rate swaps are discounted by using the reasonably estimated loan interest rate applied to the same kind of loans.
(viii). Derivative transactions
Please refer to Note 13.

(2) Unlisted securities of ¥1,092 million yen ($13,299 thousand) and ¥1,099 million yen, for which fair value is determined to be extremely difficult to determine because the securities without fair market value as of March 31, 2012 and 2011 are not included in the above table.

(c) The redemption schedule for financial instruments and securities with maturity as of March 31, 2012 and 2011 is as follows:

	2012			
	Millions of yen			
	Due in one year or less	**Due after one year through five years**	**Due after five year through ten years**	**Due after ten years**
Cash and cash equivalents	**¥ 3,752**	**¥ -**	**¥ -**	**¥ -**
Time deposits	**219**	**-**	**-**	**-**
Trade notes and accounts receivable	**12,635**	**-**	**-**	**-**
Investment securities:				
Available-for-sale securities with maturities	**-**	**-**	**-**	**-**
Total	**¥ 16,606**	**¥ -**	**¥ -**	**¥ -**

	2012			
	Thousands of U.S. dollars			
	Due in one year or less	**Due after one year through five years**	**Due after five year through ten years**	**Due after ten years**
Cash and cash equivalents	**$ 45,679**	**$ -**	**$ -**	**$ -**
Time deposits	**2,667**	**-**	**-**	**-**
Trade notes and accounts receivable	**153,836**	**-**	**-**	**-**
Investment securities:				
Available-for-sale securities with maturities	**-**	**-**	**-**	**-**
Total	**$ 202,182**	**$ -**	**$ -**	**$ -**

	2011			
	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five year through ten years	Due after ten years
Cash and cash equivalents	¥ 2,509	¥ -	¥ -	¥ -
Time deposits	219	-	-	-
Trade notes and accounts receivable	14,634	-	-	-
Investment securities:				
Available-for-sale securities with maturities	-	-	-	-
Total	¥ 17,362	¥ -	¥ -	¥ -

13. Derivatives

Derivative transactions for which hedge accounting has been applied for the years ended March 31, 2012 and 2011 are as follows:

		2012					
		Millions of yen			Thousands of U.S. dollars		
	Hedged item	**Contract amount**	**Contract amount due after one year**	**Fair value**	**Contract amount**	**Contract amount due after one year**	**Fair value**
Interest rate related:							
Benchmark Method							
Interest rate swap contracts							
Payable fixed/ Receive floating	**Long-term borrowings**	**¥ 17,242**	**¥ 11,688**	**¥ (232)**	**$ 209,931**	**$ 142,308**	**$ (2,821)**
Commodity related :							
Benchmark Method							
Copper price swaps	**Raw materials**	**¥ 944**	**¥ -**	**¥ 1,031**	**$ 11,489**	**$ -**	**$ 12,554**

		2011		
		Millions of yen		
	Hedged item	Contract amount	Contract amount due after one year	Fair value
Interest rate related:				
Benchmark Method				
Interest rate swap contracts				
Payable fixed/ Receive floating	Long-term borrowings	¥ 17,239	¥ 12,354	¥ (227)
Short-cut Method				
Interest rate swap contracts				
Payable fixed/ Receive floating	Long-term borrowings	¥ 667	¥ -	¥ (5)
Commodity related :				
Benchmark Method				
Copper price swaps	Raw materials	¥ 140	¥ -	¥ 178

Fair value is principally based on quoted price obtained from financial institutions signing the contract.

There are no derivative transactions for which hedge accounting has not been applied for the years ended March 31, 2012 and 2011.

14. Loss on Disaster

Loss on disaster is due to the Great East Japan Earthquake that occurred on March 11, 2011.
Loss on disaster for the year ended March 31, 2012 mainly consists of disposal of inventories and the relief money.
Loss on disaster for the year ended March 31, 2011 consists of the following:

	2011
	Millions of yen
Inventories	¥ 801
Property, plant and equipment	3,063
Intangible assets	1
Provision for loss on disaster	773
Other	305
Total	¥ 4,943

15. Compensation Income

Compensation income consists of compensation payments from Tokyo Electric Power Company for lost earnings for the period from March 11, 2011 to November 30, 2011 due to accidents at Fukushima Daiichi Nuclear Power Station ("NPS") and Fukushima Daini NPS of Tokyo Electric Power Company.

16. Loss on Valuation of Inventories

Loss on valuation of inventories mainly consists of disposal costs of inventories expected in the future for prolonged temporary shutdown of the 2nd Factory of Meiko Electronics (Wuhan) Co., Ltd. due to problem on permitting process regarding environmental assessment.

17. Environmental Expenses

Environmental expenses consist of environmental costs incurred for the 2nd Factory of Meiko Electronics (Wuhan) Co., Ltd. which temporarily shut down due to problem on permitting process regarding environmental assessment.

18. Comprehensive Income

Reclassifications and income tax effects attributable to other comprehensive income for the year ended March 31, 2012 are as follows:

	2012	
	Millions of yen	**Thousands of U.S. dollars**
Unrealized gains (losses) on available-for sale securities:		
Gains (losses) arising during the year	¥ **(171)**	$ **(2,086)**
Reclassifications and adjustments	**-**	**-**
Before income tax effects	**(171)**	**(2,086)**
Income tax effects	**99**	**1,200**
Total	¥ **(72)**	$ **(886)**
Deferred gains (losses) on hedges:		
Gains (losses) arising during the year	¥ **247**	$ **3,002**
Reclassifications and adjustments	**(195)**	**(2,370)**
Before income tax effects	**52**	**632**
Income tax effects	**62**	**760**
Total	¥ **114**	$ **1,392**
Foreign currency translation adjustments:		
Adjustments arising during the year	¥ **847**	$ **10,314**
Total	¥ **847**	$ **10,314**
Total other comprehensive income	¥ **889**	$ **10,820**

Other comprehensive income for the year ended March 31, 2010 consists of the following:

	Millions of yen
	2010
Other comprehensive income:	
Unrealized gains on available-for-sale securities	2
Deferred gains on hedges	97
Foreign currency translation adjustments	(1,370)
Total other comprehensive income	(1,271)

Total comprehensive income for the year ended March 31, 2010 consists of the following:

	Millions of yen
	2010
Comprehensive income attributable to:	
Owners of the parent	557
Minority interests	0
Total comprehensive income	557

19. Segment Information

Effective from the year ended March 31, 2011, the Company adopted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, issued on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued on March 21, 2008).

Information about reported segment sales, segment profit, segment assets and other items under the new accounting standards is not disclosed as the Group's reportable segment is solely printed circuit boards ("PCB") and the related business.

(Supplementary information)
(1) Information about products and services
Information about products and services is not disclosed since sales amount of single unit of product or service to external customers accounted for more than 90% of consolidated net sales.

(2) Information about geographical areas
(a) Net sales

	2012 Millions of yen					
	Japan	Asia	North America	Europe	Other	Total
Net sales	**¥ 27,694**	**¥ 27,225**	**¥ 4,870**	**¥ 3,180**	**¥ 4**	**¥ 62,973**

	2012 Thousands of U.S. dollars					
	Japan	Asia	North America	Europe	Other	Total
Net sales	**$ 337,202**	**$ 331,490**	**$ 59,293**	**$ 38,713**	**$ 48**	**$ 766,746**

	2011 Millions of yen					
	Japan	Asia	North America	Europe	Other	Total
Net sales	¥ 35,253	¥ 30,735	¥ 6,000	¥ 2,722	¥ 14	¥ 74,724

Net sales by destination were recognized based on the location of customers and classified by country or regions.

(b) Property, plant and equipment

	2012 Millions of yen					
	Japan	Asia	North America	Europe	Other	Total
Property, plant and equipment	**¥ 6,578**	**¥ 49,849**	**¥ -**	**¥ -**	**¥ 0**	**¥ 56,427**

	2012 Thousands of U.S. dollars					
	Japan	Asia	North America	Europe	Other	Total
Property, plant and equipment	**$ 80,089**	**$ 606,958**	**$ -**	**$ -**	**$ 3**	**$ 687,050**

	2011 Millions of yen					
	Japan	Asia	North America	Europe	Other	Total
Property, plant and equipment	¥ 7,202	¥ 45,131	¥ -	¥ -	¥ 2	¥ 52,335

(3) Information about major customers

Information about major customers is not disclosed since there are no external sales for customers accounted for more than 10% of consolidated net sales.

A summary of business segment information for the year ended March 31, 2010 based on the previous accounting standard is as follows:

Business segment information is not disclosed as the Group's reportable segment is solely PCB and the related business.

Segment information by geographical area for the year ended March 31, 2010 under accounting standards previously applied is summarized as follows:

Segment information by geographical Area:

	Millions of yen					
	Japan	Asia	North America	Total	Corporate Assets and Eliminations	Consolidated
2010						
Net Sales:						
Sales to customers	¥ 41,638	¥ 26,857	¥ 1,328	¥ 69,823	¥ -	¥ 69,823
Intersegment sales and transfers	2,600	20,468	85	23,153	(23,153)	-
Total	¥ 44,238	¥ 47,325	¥ 1,413	¥ 92,976	¥ (23,153)	¥ 69,823
Operating expenses	¥ 43,212	¥ 44,631	¥ 1,389	¥ 89,232	¥ (23,202)	¥ 66,030
Operating income	¥ 1,026	¥ 2,694	¥ 24	¥ 3,744	¥ 49	¥ 3,793
Identifiable assets	¥ 54,100	¥ 52,752	¥ 427	¥ 107,279	¥ (22,551)	¥ 84,728

The geographical areas consist primarily of the following countries and regions:

Asia....................................... China, Hong Kong, Philippines and Vietnam

North America....................... United States

Overseas Sales:

	Millions of yen				
	Asia	North America	Europe	Other	Total
2010					
Overseas sales	¥ 30,571	¥ 3,035	¥ 857	¥ 7	¥ 34,470
Consolidated net sales					¥ 69,823
Ratios of overseas sales	43.8%	4.3%	1.2%	0.0%	49.4%

The geographical areas consist primarily of the following countries and regions:

Asia....................................... China, Hong Kong, Philippines and Singapore

North America....................... United States

Europe.................................. Germany and France

20. Business Combination

On October 1, 2010, the Company merged with its wholly-owned consolidated subsidiaries, Miyagi Meiko Electronics Co., Ltd. ("Miyagi Meiko") and Togoshi Co., Ltd. ("Togoshi") based on the resolution of the Board of Directors' meeting held on May 31, 2010.

1.Outline of merger

(a) Names and description of the business of the companies involved:

Acquiring company:

Company name	Meiko Electronics Co., Ltd
Description of the business	Designing, manufacturing and sales of PCB

Acquired companies:

Company name	Miyagi Meiko Electronics Co., Ltd	Togoshi Co., Ltd
Description of the business	Manufacturing and sales of PCB	Manufacturing and sales of PCB

(b) Legal form of the business combination

Merger to make the Company a surviving company and Miyagi Meiko and Togoshi dissolved companies.

(c) Name of company after business combination

Meiko Electronics Co., Ltd

(d) Purpose of merger

Miyagi Meiko and Togoshi's business purpose within the Group is manufacturing of PCB.

The merger is conducted as the Company determined that the Group makes effective use of the managerial resources and conducts businesses efficiently and swiftly by integrating their businesses into the Company.

2. Overview of accounting procedures implemented

This merger was accounted for as a transaction under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, issued on December 26, 2008).

Independent Auditor's Report

To the Board of Directors of Meiko Electronics Co., Ltd.:

We have audited the accompanying consolidated financial statements of Meiko Electronics Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012 and 2011, and the consolidated statements of operations for the years ended March 31, 2012, 2011 and 2010, the consolidated statements of comprehensive income for the years ended March 31, 2012 and 2011, the consolidated statements of changes in net assets and statements of cash flows for the years ended March 31, 2012, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Meiko Electronics Co., Ltd. and its consolidated subsidiaries as at March 31, 2012 and 2011, and their financial performance and cash flows for the years ended March 31, 2012, 2011 and 2010 in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

September 14, 2012

Tokyo, Japan

Principal Subsidiaries and Affiliates

Name or Trade Name	Address	Paid-in Capital (Millions of yen)	Principal Business	Investment Ratio (%)
Meiko Tech Co., Ltd.	Ayase City, Kanagawa Prefecture	20	PCBs in the Electronics business	100.0
Yamagata Meiko Electronics Co., Ltd.	Kahoku-cho, Nishimurayama-gun, Yamagata Prefecture	75	PCBs in the Electronics business	100.0
M.D. Systems Co., Ltd.	Atsugi City, Kanagawa Prefecture	15	PCBs in the Electronics business	100.0
Meiko Elec. Hong Kong. Co., Ltd.	Hong Kong	US$72,669 thousand	PCBs in the Electronics business	100.0
Meiko Electronics (Guangzhou Nansha) Co., Ltd.	Guangzhou, Guangdong Province, P.R.China	US$120,800 thousand	PCBs in the Electronics business	100.0 (66.3)
Meiko Electronics (Wuhan) Co., Ltd.	Wuhan, Hubei Province, P.R.China	US$115,800 thousand	PCBs in the Electronics business	100.0 (54.0)
MDS Circuit Technology, Inc.	Manila, Philippine	12 PH peso million	PCBs in the Electronics business	100.0 (100.0)
Meiko Electronics America, Inc.	CA, U.S.A.	US$1,500 thousand	PCBs in the Electronics business	100.0
Guangzhou Meiko PCB Co., Ltd.	Guangzhou, Guangdong Province, P.R. China	US$10,000 thousand	PCBs in the Electronics business	100.0 (100.0)
Meiko Electronics Vietnam Co., Ltd.	Hanoi, Vietnam	US$90,000 thousand	Electronic equipment in the Electronics business	100.0 (100.0)

Principal Shareholders

As of March 31, 2012

Name of Shareholder	Number of Shares Held (Thousands of shares)	Percentage of Total Number of Shares Issued (%)
Yuichiro Naya	4,696	24.20
Japan Trustee Services Bank, Ltd. (trust account)	1,279	6.59
PLEASANT VALLEY (Standing Agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	631	3.26
Meiko Kosan Co., Ltd.	608	3.14
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account (Standing Agent: Mizuho Corporate Bank, Ltd., Kabutocho Settlement and Clearing Services Division)	551	2.84
Yuho, Ltd.	521	2.69
Haruyuki Naya	487	2.51
Seiichi Naya	438	2.26
HILLCREST, L.P. (Standing Agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	379	1.96
Sumitomo Mitsui Banking Corporation	377	1.94
Total	9,972	51.40

Corporate History

November 1975	Established Meiko Denshi Kogyo Co., Ltd. to manufacture and sell PCBs. Started selling double-sided PCBs.
April 1978	Established the System Development Department (currently Yamato Technology Center/ Meiko Tech Co., Ltd.) to develop electronics application products.
October 1978	Developed in-house use PCB Testers for the PCB final inspection process.
September 1980	Constructed a new headquarters building and factory, establishing an integrated production system for the entire process from design to finished products.
December 1980	Introduced a multi-layer press machine and started manufacturing multi-layer PCBs.
December 1981	Developed the world's first multi-video processor.
March 1982	Established Multitech Co., Ltd. (currently Meiko Tech Co., Ltd.) to manufacture single-sided PCBs (currently a consolidated subsidiary of the Company).
September 1982	Established Yamagata Meiko Electronics Co., Ltd. (currently a consolidated subsidiary of the Company) to manufacture PCBs.
August 1984	Completed construction to expand the headquarters factory in Ayase, Kanagawa, and started operation.
June 1986	Established Meiko Fine Co., Ltd. to mount components on PCBs. (liquidated in January 2012)
July 1988	Established M.D. Systems Co., Ltd. to design PCBs (currently a consolidated subsidiary of the Company).
June 1990	Constructed the Fukushima Factory.
April 1991	Changed company name to Meiko Electronics Co., Ltd.
November 1997	Constructed a new manufacturing building inside the premises of the Yamagata Factory (Yamagata Meiko Electronics Co., Ltd.) to manufacture PCBs using the new PCB Build-Up technology.
August 1998	Established Meiko Elec. Hong Kong. Co., Ltd. in Hong Kong, China (currently a consolidated subsidiary of the Company), mainly to expand transactions with overseas manufacturers and purchase materials locally.
December 1998	Established Meiko Electronics (Panyu Nansha) Co., Ltd. in Guangzhou, Guangdong, China [currently Meiko Electronics (Guangzhou Nansha) Co., Ltd., a consolidated subsidiary of the Company], to manufacture PCBs.
June 1999	Changed the name of the PCB manufacturing department of the headquarters to the Kanagawa Factory.
December 2000	Stock listed on the Japan Securities Dealers Association.
January 2001	Started operation at the Guangzhou Plant [Meiko Electronics (Guangzhou Nansha) Co., Ltd.].
June 2001	Established MDS Circuit Technology, Inc. (currently a consolidated subsidiary of the Company) in Manila, the Philippines, to design PCBs.

December 2004	Stock listed on the JASDAQ Securities Exchange, Inc.
July 2005	Established Meiko Electronics (Wuhan) Co., Ltd. in Wuhan, Hubei, China (currently a consolidated subsidiary of the Company) to manufacture PCBs.
November 2005	Constructed a new factory building at the Miyagi Factory.
April 2006	Established Meiko Electronics America, Inc. in the United States (currently a consolidated subsidiary of the Company) to sell PCBs.
July 2006	Started operation at the WUHAN Plant [Meiko Electronics (Wuhan) Co., Ltd.].
January 2007	Established Meiko Electronics Vietnam Co., Ltd. (currently a consolidated subsidiary of the Company), in a suburb of Hanoi, Vietnam, to manufacture PCBs.
November 2007	Constructed a new headquarters building inside the premises of the Kanagawa Factory.
March 2008	Purchased the Circuit Business from Victor Company of Japan, Limited.
April 2009	Started operation of the EMS Plant in Vietnam.
May 2009	Established the Meiko R&D Center.
July 2009	Started operation of second plant in WUHAN.
April 2010	Associated with the merger of JASDAQ Securities Exchange, Inc. and Osaka Securities Exchange Co., Ltd., the Company's stock is listed on the Osaka Securities Exchange, JASDAQ market.
October 2010	Subsequent to the integration of the Hercules, JASDAQ and NEO markets of the Osaka Securities Exchange, Meiko Electronics Co., Ltd. had its stock listed on the JASDAQ Standard market of the exchange.
July 2011	Transferred the imaging equipment and industrial equipment businesses to Multitech Co., Ltd., and changed the trade name to Meiko Tech Co., Ltd.
November 2011	Started operation of the PCB Plant in Vietnam.

Corporate Data (As of March 31, 2012)

Corporate Name:
Meiko Electronics Co., Ltd.

Date of Establishment:
November 25, 1975

Paid-in Capital:
¥10,545 million

Fiscal Year:
April 1 to March 31

Number of Shares Authorized:
63,200,000

Number of Shares Issued:
19,403,320

Number of Shareholders:
5,891

Securities Code:
6787

Stock Exchange Listing:
Osaka Securities Exchange, JASDAQ standard market

Number of Employees:
9,948 (Consolidated)

Number of Subsidiaries:
13

Transfer Agent:
The Sumitomo Trust and Banking Company, Limited

Accounting Auditor:
KPMG AZSA LLC

Headquarters:
5-14-15, Ogami, Ayase City, Kanagawa Prefecture, Japan 252-1104

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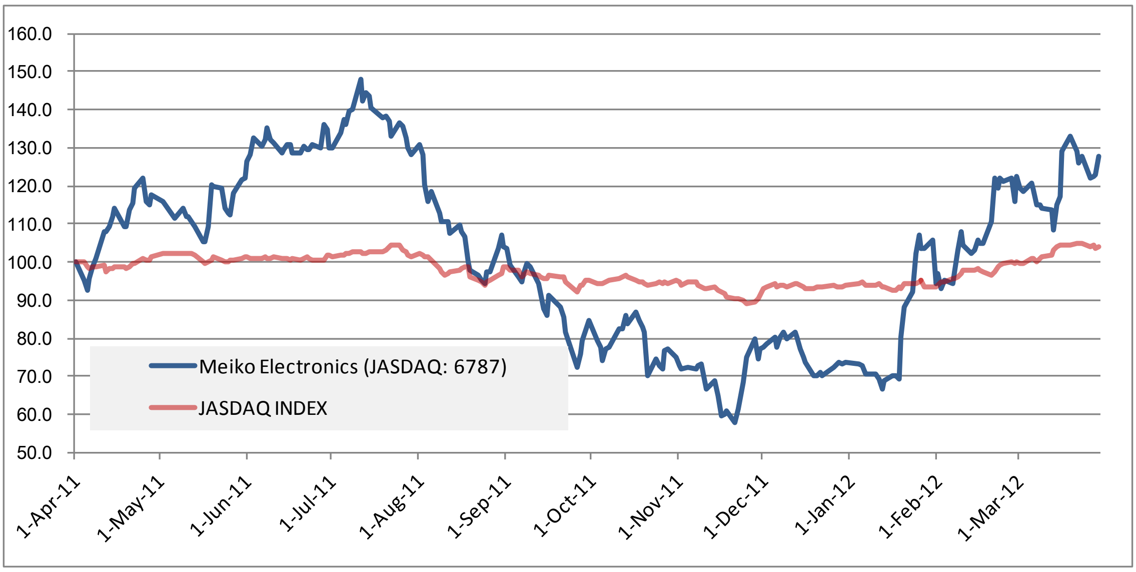
- E-mail: Meiko_Eng@meiko-elec.com
- URL: http://www.meiko-elec.com/

Meiko Share Performance in FY2012 Compared with Indices



Fiscal year 2012 ended March 31, 2012

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In %