

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

For the second quarter and six months ended September 30, 2013

(ENGLISH TRANSLATION)

NOTE:

This document is an excerpt translation of the Quarterly Report (“Shihanki Houkokusho”) of Meiko Electronics Co., Ltd. (the “Company”), for the second quarter and six months ended September 30, 2013, filed with the Director of the Kanto Local Finance Bureau of the Ministry of Finance of Japan pursuant to the Financial Instruments and Exchange Law of Japan on November 13, 2013.

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

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

Financial Information

1 Basis of preparation of the quarterly consolidated financial statements

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

2 Review reports

The quarterly consolidated financial statements of the Company for the second quarter (July 1, 2013 - September 30, 2013), and those for the six months ended September 30, 2013, were reviewed by KPMG AZSA LLC, pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Law of Japan.

1 Consolidated Financial Statements

(1) Consolidated Balance Sheets

Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2013	September 30, 2013	September 30, 2013	September 30, 2013
Assets				
Current assets				
Cash and deposits	¥ 9,007	¥ 9,519	\$ 97,445	
Notes and accounts receivable-trade	*2 12,129	15,945	163,223	
Merchandise and finished goods	3,418	4,383	44,867	
Work in process	2,597	3,053	31,250	
Raw materials and supplies	4,472	5,103	52,232	
Other	3,493	2,700	27,637	
Allowance for doubtful accounts	(15)	(16)	(160)	
Total current assets	35,101	40,687	416,494	
Noncurrent assets				
Property, plant and equipment				
Buildings and structures, net	24,998	26,234	268,543	
Machinery, equipment and vehicles, net	27,525	28,888	295,707	
Land	1,944	1,882	19,267	
Construction in progress	6,588	6,460	66,125	
Other, net	717	735	7,527	
Total property, plant and equipment	61,772	64,199	657,169	
Intangible assets	469	466	4,771	
Investments and other assets	*1 4,704	*1 5,204	*1 53,270	
Total noncurrent assets	66,945	69,869	715,210	
Total assets	¥ 102,046	¥ 110,556	\$ 1,131,704	

	Millions of yen		Thousands of
	March 31, 2013	September 30, 2013	U.S. dollars
Liabilities			September 30, 2013
Current liabilities			
Notes and accounts payable-trade	*2 ¥ 7,243	¥ 8,902	\$ 91,120
Short-term loans payable	13,971	15,173	155,323
Current portion of long-term loans payable	13,108	12,246	125,355
Income taxes payable	739	327	3,347
Provision for bonuses	440	448	4,590
Other	*2 4,677	4,418	45,229
Total current liabilities	40,178	41,514	424,964
Noncurrent liabilities			
Long-term loans payable	22,557	27,171	278,130
Provision for retirement benefits	1,517	1,622	16,607
Provision for directors' retirement benefits	261	261	2,672
Other	806	1,209	12,372
Total noncurrent liabilities	25,141	30,263	309,781
Total liabilities	65,319	71,777	734,745
Net assets			
Shareholders' equity			
Capital stock	10,546	10,546	107,950
Capital surplus	12,467	12,467	127,619
Retained earnings	13,827	14,063	143,959
Treasury stock	(396)	(396)	(4,057)
Total shareholders' equity	36,444	36,680	375,471
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	(115)	(80)	(819)
Deferred gains or losses on hedges	(206)	(132)	(1,351)
Foreign currency translation adjustment	604	2,311	23,658
Total accumulated other comprehensive income	283	2,099	21,488
Total net assets	36,727	38,779	396,959
Total liabilities and net assets	¥ 102,046	¥ 110,556	\$ 1,131,704

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income
For the Six Months Ended September 30, 2013
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of
	Six months ended September 30, 2012	Six months ended September 30, 2013	U.S. dollars Six months ended September 30, 2013
Net sales	¥ 29,473	¥ 37,724	\$ 386,162
Cost of sales	25,527	32,736	335,099
Gross profit	3,946	4,988	51,063
Selling, general and administrative expenses	*1 3,875	*1 4,296	*1 43,980
Operating income	71	692	7,083
Non-operating income			
Interest income	12	8	85
Dividends income	11	15	157
Foreign exchange gains	—	847	8,673
Other	130	110	1,121
Total non-operating income	153	980	10,036
Non-operating expenses			
Interest expenses	440	447	4,577
Foreign exchange losses	1,003	—	—
Other	607	243	2,488
Total non-operating expenses	2,050	690	7,065
Ordinary income (loss)	(1,826)	982	10,054
Extraordinary income			
Gain on sales of noncurrent assets	4	2	20
Compensation income	59	160	1,634
Total extraordinary income	63	162	1,654
Extraordinary loss			
Loss on sales and retirement of noncurrent assets	18	166	1,699
Impairment loss	—	62	636
Loss on abandonment of inventories	462	—	—
Environmental expenses	437	—	—
Plant suspension expenses	230	—	—
Total extraordinary losses	1,147	228	2,335
Income (loss) before income taxes	(2,910)	916	9,373
Income taxes	(163)	680	6,958
Income (loss) before minority interests	(2,747)	236	2,415
Net income (loss)	¥ (2,747)	¥ 236	\$ 2,415

Consolidated Statements of Comprehensive Income
For the Six Months Ended September 30, 2013
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of
	Six months ended September 30, 2012	Six months ended September 30, 2013	U.S. dollars Six months ended September 30, 2013
Income (loss) before minority interests	¥ (2,747)	¥ 236	\$ 2,415
Other comprehensive income			
Valuation difference on available-for-sale securities	(18)	35	360
Deferred gains or losses on hedges	(98)	74	755
Foreign currency translation adjustment	(1,640)	1,707	17,478
Total other comprehensive income	(1,756)	1,816	18,593
Comprehensive income	<u>(4,503)</u>	<u>2,052</u>	<u>21,008</u>
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	¥ (4,503)	¥ 2,052	\$ 21,008
Comprehensive income attributable to minority interests	—	—	—

(3) Consolidated Statements of Cash Flows
For the Six Months Ended September 30, 2013
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30, 2012	Six months ended September 30, 2013	Six months ended September 30, 2013
Net cash provided by (used in) operating activities			
Income (loss) before income taxes	¥ (2,910)	¥ 916	\$ 9,373
Depreciation and amortization	3,212	2,974	30,444
Impairment loss	—	62	636
Amortization of goodwill	32	—	—
Increase (decrease) in allowance for doubtful accounts	(8)	1	7
Increase (decrease) in provision for retirement benefits	95	105	1,078
Increase (decrease) in provision for bonuses	(90)	8	83
Interest and dividends income	(23)	(24)	(242)
Interest expenses	440	447	4,577
Foreign exchange losses (gains)	891	(929)	(9,515)
Loss (gain) on sales and retirement of property, plant and equipment	15	164	1,679
Compensation income	(60)	(160)	(1,634)
Decrease (increase) in notes and accounts receivable-trade	(686)	(3,730)	(38,184)
Decrease (increase) in inventories	(193)	(1,809)	(18,513)
Increase (decrease) in notes and accounts payable-trade	1,051	1,246	12,751
Decrease (increase) in other assets	(341)	(112)	(1,152)
Increase (decrease) in other liabilities	(129)	152	1,557
Subtotal	1,296	(689)	(7,055)
Interest and dividends income received	23	24	245
Interest expenses paid	(439)	(462)	(4,729)
Proceeds from subsidy income	—	500	5,118
Proceeds from compensation	60	160	1,634
Income taxes paid	(560)	(983)	(10,060)
Net cash provided by (used in) operating activities	380	(1,450)	(14,847)
Net cash provided by (used in) investing activities			
Purchase of property, plant and equipment	(2,942)	(2,101)	(21,508)
Proceeds from sales of property, plant and equipment	18	41	422
Purchase of intangible assets	(27)	(56)	(577)
Purchase of investment securities	(0)	(163)	(1,671)
Purchase of insurance funds	(12)	(8)	(78)
Proceeds from maturity of insurance funds	170	357	3,652
Other, net	20	93	960
Net cash provided by (used in) investing activities	(2,773)	(1,837)	(18,800)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	3,507	803	8,229
Proceeds from long-term loans payable	5,284	9,836	100,687
Repayment of long-term loans payable	(4,692)	(6,949)	(71,134)
Repayments of installment payables	(39)	(66)	(681)
Cash dividends paid	(94)	(0)	(4)
Net cash provided by (used in) financing activities	3,966	3,624	37,097
Effect of exchange rate change on cash and cash equivalents	(103)	175	1,792
Net increase (decrease) in cash and cash equivalents	1,470	512	5,242
Cash and cash equivalents at beginning of period	3,752	8,788	89,962
Cash and cash equivalents at end of period	*1 ¥ 5,222	*1 ¥ 9,300	*1 \$ 95,204

Notes to the Consolidated Financial Statements

Matters concerning Going Concern Assumption

Not applicable

Change in Scope of Consolidation and Application of the Equity Method

Not applicable

Basis of Presenting Consolidated Financial Statements

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and have been made at the rate of ¥97.69 to \$1, the approximate rate of exchange at September 30, 2013. Such translation should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Change in Accounting Policies

Not applicable

Specific Accounting Treatments Adopted in Preparing the Quarterly Consolidated Financial Statements

Six months ended September 30, 2013

Computation of Tax Expense

Tax expenses are calculated by reasonably estimating the effective tax rate after the adoption of tax-effect accounting that is applicable to income before income taxes for the fiscal year ending March 31, 2014, and multiplied by this estimated effective tax rate.

Consolidated Balance Sheets

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

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2013	September 30, 2013	September 30, 2013	
Allowance for doubtful accounts	¥ 40	¥ 40	\$	408

*2 Accounting treatment for notes maturing on September 30, 2013

Notes maturing on the final day of a quarterly reporting period are accounted for as if they had been settled on the final day of the period.

Because the final day of the previous fiscal year (March 31, 2013) was a bank holiday, the following notes maturing on the final day were accounted for as if they had been settled on the maturity date.

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2013	September 30, 2013	September 30, 2013	
Notes receivable—trade	¥ 31	¥ —	\$	—
Notes payable—trade	49	—		—
Notes payable—facilities	2	—		—

3 Discounted notes receivable are summarized below:

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2013	September 30, 2013	September 30, 2013	
Discounted notes receivable—trade	¥ 38	¥ 42	\$	433

Consolidated Statements of Income

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

	Millions of yen		Thousands of U.S. dollars	
	Six months ended September 30, 2012	Six months ended September 30, 2013	Six months ended September 30, 2013	
Salaries, allowances, and other salaries	¥ 852	¥ 866	\$	8,867
Research and development expenses	460	460		4,714
Provision for bonuses	127	111		1,131
Provision of allowance for doubtful accounts	0	0		2
Retirement benefit expenses	44	52		534

Consolidated Statements of Cash Flows

*1 The relationship between cash and cash equivalents outstanding as of September 30, 2013, and the amounts shown on the Consolidated Balance Sheets is shown below:

	Millions of yen		Thousands of U.S. dollars	
	Six months ended September 30, 2012	Six months ended September 30, 2013	Six months ended September 30, 2013	
Cash and deposits	¥ 5,441	¥ 9,519	\$ 97,445	
Time deposits with tenors exceeding 3 months	(219)	(219)	(2,241)	
Cash and cash equivalents	5,222	9,300	95,204	

Total Shareholders' Equity

Six months ended September 30, 2012

1 Cash dividends paid

Resolution

June 27, 2012 Shareholders' meeting

Type of shares Common stock

Total dividends (Millions of yen) 94

Dividend per share (Yen) 5.00

Record date March 31, 2012

Effective date June 28, 2012

Dividend resource Retained earnings

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

Not applicable

Six months ended September 30, 2013

1 Cash dividends paid

Not applicable

2 Of the dividends whose record date falls during the six months ended September 30, 2013, those dividends whose effective date will fall after the last day of the second quarter

Resolution

Board meeting on November 8, 2013

Type of shares Common stock

Total dividends (Millions of yen) 94

Dividend per share (Yen) 5.00

Record date September 30, 2013

Effective date November 29, 2013

Dividend resource Retained earnings

Segment Information

I Six months ended September 30, 2012

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

II Six months ended September 30, 2013

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

Financial Instruments

There were no significant changes in the amount of other financial instruments recorded in the Consolidated Balance Sheets compared with that of March 31, 2013.

Securities

There were no significant changes in the amount of other securities recorded in the Consolidated Balance Sheets compared with that of March 31, 2013.

Derivative Transactions

There were no significant changes in the contract amounts, etc. of derivative transactions as of September 30, 2013, compared with those of March 31, 2013.

Business Combinations, etc.

Not applicable

Per Share Information

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

Item	Six months ended September 30, 2012	Six months ended September 30, 2013
Net income (loss) per share (Yen)	(146.34)	12.56
Basis for calculation		
Net income (loss) (Millions of yen)	(2,747)	236
Amounts not attributable to common shareholders (Millions of yen)	—	—
Net income (loss) attributable to common shares (Millions of yen)	(2,747)	236
Average number of common shares outstanding for the period (Shares)	18,774,076	18,774,076

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

Significant Subsequent Events

Not applicable

2 Other

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

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