



38th  
**MEIKO REPORT**

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(April 1, 2012 to March 31, 2013)

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Securities code: 6787

MEIKO ELECTRONICS CO., LTD.

## Key Points

### Positive Factor

1. Increase in production of HDI PCBs for smartphones in Asia

### Negative Factors

1. Slowdown in order volume of HDI PCBs for smartphones in the United States
2. Larger-than-expected shrinkage of the Japanese TV market
3. Decrease in orders due to consumer boycotts and higher labor costs in China

## Sales Composition by PCB (Printed Circuit Board) Type

Looking at sales composition by PCB type, sales were strong for PCBs for automobiles and for smartphones and other forms of communication. Year-on-year sales composition ratios rose from 39% to 46% and 10% to 14%, respectively, compared to the previous fiscal year. However, the market for PCBs for flat-screen TVs shrank more quickly than expected, resulting in the ratio falling from 13% to 6%.

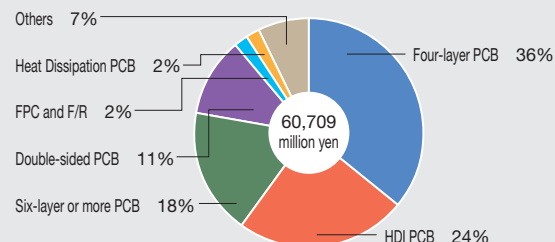
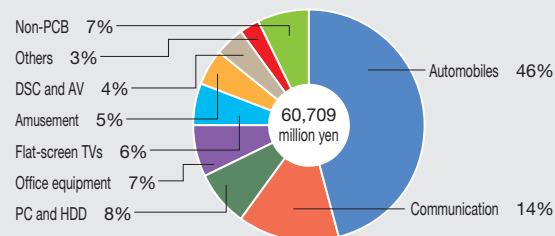
With regard to sales composition by product, HDI PCBs saw an increase, mainly due to growth in sales of PCBs for communication.

### By application

	FY2011	FY2012
Automobiles	39%	46%
Communication	10%	14%
PC and HDD	9%	8%
Office equipment	7%	7%
Flat-screen TVs	13%	6%
Amusement	3%	5%
DSC and AV	5%	4%
Others	2%	3%
Non-PCB	12%	7%

### By PCB type

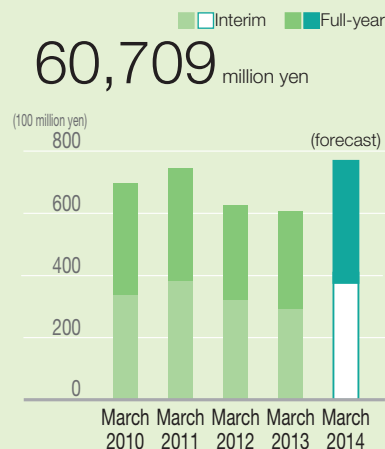
	FY2011	FY2012
Four-layer PCB	38%	36%
HDI PCB	17%	24%
Six-layer or more PCB	16%	18%
Double-sided PCB	14%	11%
FPC and F/R	1%	2%
Heat Dissipation PCB	2%	2%
Others	12%	7%



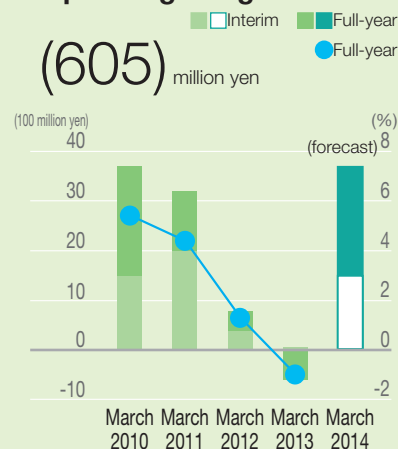
## Net sales / operating income / net income (loss)

We have held on to our existing customers while finding new ones overseas through our 2nd Factory of the Wuhan Plant in China. We have also been working on upgrading the equipment in the Vietnam Plant, our production base for PCBs for smartphones. However, we posted lower net sales and income compared to the previous fiscal year due to stagnation in the electronics industry and delays in orders of PCBs for smartphones. Other factors were higher wages, pushing up labor costs in China.

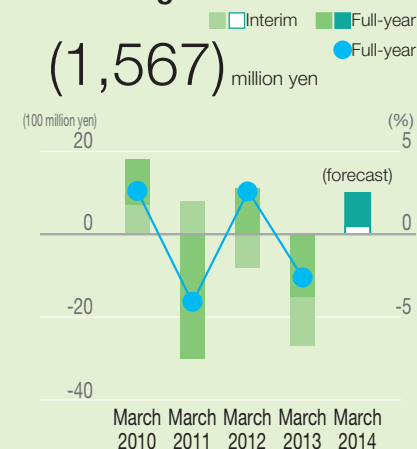
### Net sales



### Operating income / Operating margin

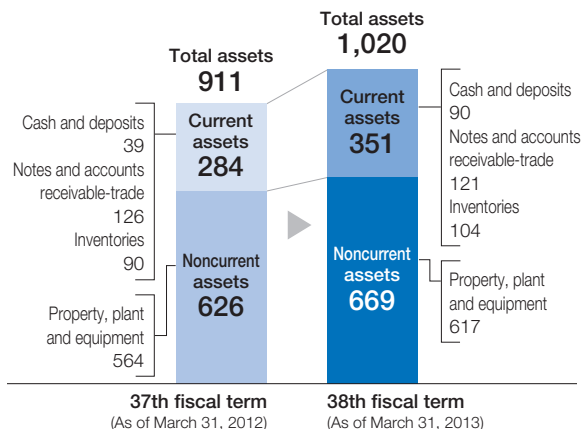


### Net income (loss) / Net margin



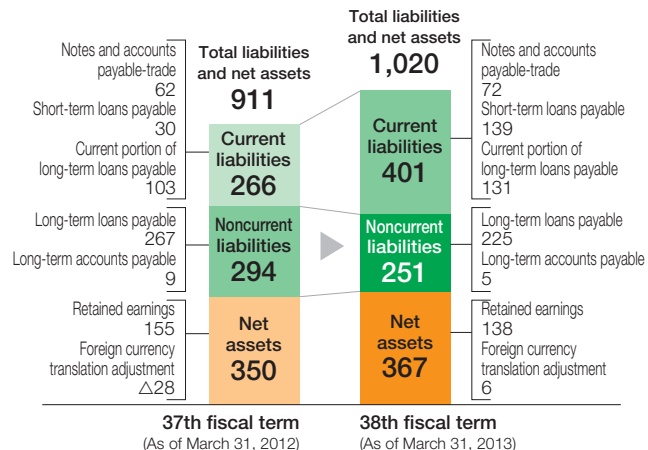
## Assets

(100 million yen)



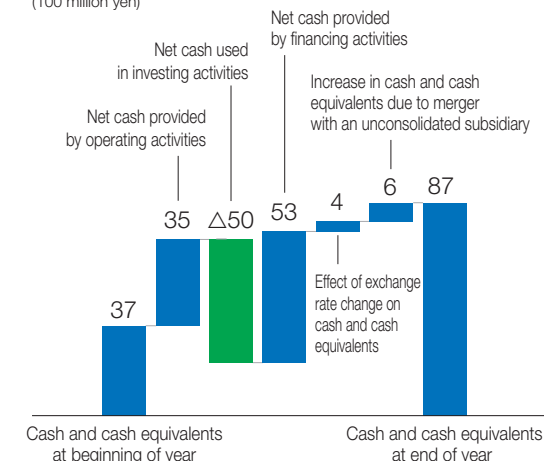
## Liabilities and net assets

(100 million yen)



## Cash flows

(100 million yen)



**Main changes:** With respect to current assets, cash and deposits increased by 5,036 million yen, notes and accounts receivable-trade fell by 505 million yen, and inventories increased by 1,416 million yen. With respect to noncurrent assets, property, plant and equipment increased by 5,344 million yen.

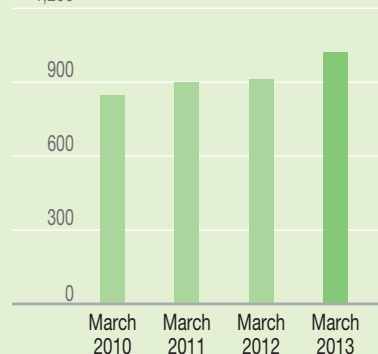
**Main changes:** Looking at liabilities, with respect to current liabilities, notes and accounts payable-trade increased by 945 million yen, short-term loans payable increased by 10,873 million yen, while current portion of long-term loans payable increased by 2,739 million yen. With respect to noncurrent liabilities, long-term loans payable fell by 4,192 million yen and long-term accounts payable fell by 397 million yen. In terms of net assets, retained earnings fell by 1,690 million yen, and foreign currency translation adjustment increased by 3,442 million yen.

**Main changes:** For the fiscal year ended March 31, 2013, cash and cash equivalents rose by 5,036 million yen compared to the previous consolidated fiscal year to 8,788 million yen.

## Total assets

102,045 million yen

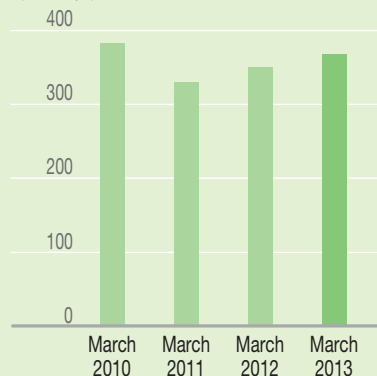
(100 million yen)



## Net assets

36,726 million yen

(100 million yen)

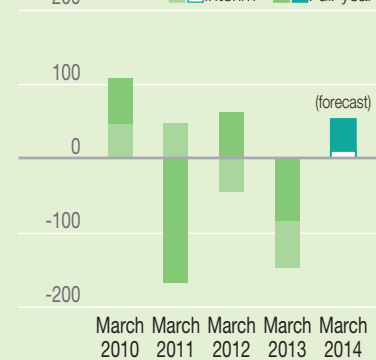


## Net income (loss) per share

(83.52) yen

(yen)

200

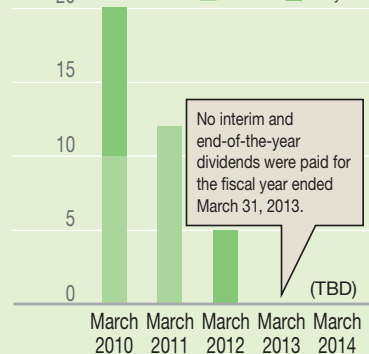


## Dividend per share

0 yen

(yen)

20





**I would like to express my sincere gratitude to all shareholders and investors for your outstanding support of our business.**

**I would like to take the opportunity offered by our MEIKO REPORT for the 38th fiscal term (ended March 31, 2013) to explain the business conditions for the fiscal year ended March 31, 2013 and our future business strategy in an interview format.**

President & CEO **Yuichiro Naya**

### Meiko Group Business Principles

Provide the best quality and service to customers and contribute to betterment of society.

Strive to create "the best".

Elevate our corporate value to improve the well-being of our employees and society.



**Please describe the business environment and operating results for the fiscal year ended March 31, 2013.**



**There is hope for economic recovery, although conditions remain uncertain.**

Looking at the global economy for the fiscal year ended March 31, 2013, the fiscal crisis in Europe remains fundamentally unresolved and stagnation stubbornly persists. The United States has seen gradual recovery in production and employment, although the outlook remains clouded due to such factors as sluggish wage growth and prolonged high unemployment. Even economic growth in China and other Asian countries is slowing in response to slackening exports and stagnant capital investment. In Japan, even though the world economic slowdown weighed heavily on the economy during the first half, a new ruling administration has brought hope in the form of a range of measures to get the economy back on track, resulting in a yen depreciation and an upturn in the stock market in the second half. However, with continuing

economic instability at home and abroad, a clear view of the road head remains elusive.

In the automobile industry, a major source of business for the Meiko Group, we continue to enjoy strong growth backed by a global recovery in demand for automobiles and increased interest in eco-cars. At the same time, the situation remains grim for the electronics industry due to decreased demand for computer-related devices and a weakened television business for Japanese companies as a result of heated-up global competition. Against this backdrop, the Meiko Group has held on to its existing customers while finding new ones overseas through our 2nd Factory of the Wuhan Plant in China, a production center of advanced PCBs. We have also been working to upgrade the equipment in the Vietnam Plant, which has just begun full-scale production of PCBs for mobile phones and smartphones. In terms of business results, however, a fall in orders for automobile-related PCBs and the stagnation in the electronics industry, along with delays in orders of PCBs for smartphones, have combined with increased wages, which have pushed up labor costs in China, to result in lower net sales and income compared to the previous fiscal year. As a result of all this, with respect to the consolidated business results for the fiscal year ended March 31, 2013, net sales were 60,709 million yen (a 3.6% decline over the previous fiscal year), operating loss was 605 million yen (compared to an 812 million yen operating income for the previous fiscal year), ordinary loss was 386 million yen (compared to a 222 million yen ordinary income for the previous fiscal year), and net loss was 1,567 million yen (compared to 1,158 million yen net income for the previous fiscal year).



## What are your plans for future business expansion overseas?



**We will increase our production of PCBs for smartphones in Wuhan and turn our Vietnam Plant into a major production facility.**

With respect to overseas production bases, we will begin manufacturing PCBs for automobiles at our 1st Factory of the Wuhan Plant in China, in addition to the Guangzhou Plant in China, to service demand in the automobile market, for which robust growth is expected, while at the same time gaining more clients among overseas automobile-manufacturers. Meanwhile, we will be upgrading our production systems in expectation of increased demand for PCB components, as the market for smartphones is expected to expand with further evolution. Our 2nd Factory of the Wuhan Plant in China has been producing PCBs for smartphones primarily to customers in the United States, but it will now be placing a much stronger focus on customers in China and other developing nations. Concerning our Vietnam Plant, which has now moved into full-scale operation, it is currently supplying HDI PCBs mainly to customers with smartphone production facilities in Vietnam. The next

### Consolidated Forecast for the Next Year

Net sales	77,000 million yen
Operating income	3,700 million yen
Ordinary income	2,700 million yen
Net income	1,000 million yen

step will be to turn the plant into a major production facility that manufactures various PCBs for automobiles as well as for smartphones in the Asian and European markets.



**Please describe the domestic production systems.**



**We have just resumed operations after two years at the newly renovated Ishinomaki Factory, where we make cutting-edge PCBs.**

With regard to our domestic production systems, we will accelerate our efforts to win new business and the release of our high added-value PCBs into the market. We resumed operations in May this year at our Ishinomaki Factory,\* which was damaged by the Great East Japan Earthquake. This strategic production facility combines the functions of a pilot plant for making Flexible PCBs and Heavy Copper PCBs, utilizing new techniques and cutting-edge technologies with mass-production functions, and with the focus on developing prototypes for Embedded Devices PCBs and Module PCBs. At our Fukushima Factory, which is a mass-production facility that concentrates on PCBs for office equipment and amusement, we will be watching market conditions to determine the right timing for restoring the production capacity of the facility to the level it was prior to the earthquake. About 90% of production at our Yamagata Factory is for high-reliability PCBs for automobiles. Our Kanagawa Factory manufactures a variety of products in small quantities, from high-end products such as AnyLayer PCBs and Embedded Devices PCBs to middle- and low-end products such as Through-Hole PCBs.

At our Research and Development Center in Kanagawa, we have achieved outstanding reliability, quality, cost, and production technologies thanks to the

advanced level of our materials and elemental technologies. We are focused on our research so that we can improve our company-wide technological expertise for the future.

\* The name was changed from Miyagi Factory in May 2013.



**Please share a word with the shareholders and investors.**



**We are committed to expanding internal reserves and returning profits to our shareholders.**

Meiko sees the return of profits to our shareholders as a crucial management issue. We are comprehensively taking matters, including business results, into consideration for profit-sharing as we work to maintain stable dividends. In order to secure profits for shareholders into the future, we are making it a basic policy to allocate internal reserves into investments to further strengthen and improve our business base, and to use them to further expand our business.

Regarding dividends from surplus for the fiscal year ended March 31, 2013, based on monitoring such factors as consolidated business results, we deeply regret that we will not be issuing dividends. We thank for your understanding. We appreciate the support of all stakeholders including shareholders and investors amidst the increasingly severe business climate and are dedicated to doing our utmost to meet your expectations and to increase business results and corporate value. We look forward to your continuing support in the future.

**Corporate Profile**

Name	Meiko Electronics Co., Ltd.
Established	November 25, 1975
Headquarters	5-14-15, Ogami, Ayase, Kanagawa 252-1104, Japan
Capital	10,545 million yen
No. of Employees	9,966 (consolidated) (Japan: 807) (Overseas: 9,159)
Outline of Business	Design, manufacturing, and sales of PCBs Development, manufacturing, and sales of electronic equipment

**Executives** (As of June 26, 2013)

President & CEO	Yuichiro Naya
Director and Senior Managing Executive Officer	Seiichi Naya
Director and Senior Managing Executive Officer	Takahide Hirayama
Director and Senior Managing Executive Officer	Masakuni Shinozaki
Director and Managing Executive Officer	Tetsuro Suzuki
Director	Haruyuki Naya
Director	Kunihiko Sato
Audit & Supervisory Board Member	Hitoshi Iyomoto
Audit & Supervisory Board Member	Hiroshi Tsukii
Audit & Supervisory Board Member	Yasunobu Koshimura

**Affiliated Companies**

Yamagata Meiko Electronics Co., Ltd.	Manufacturing of PCBs
M.D. Systems Co., Ltd.	Design of PCBs
Meiko Tech Co., Ltd.	Sales of PCBs Manufacturing and sales of video device and industrial device
Meiko Electronics (Guangzhou Nansha) Co., Ltd.	Manufacturing of PCBs
Meiko Electronics (Wuhan) Co., Ltd.	Manufacturing of PCBs
Meiko Elec. Hong Kong. Co., Ltd.	Sales of PCBs
Meiko Electronics Vietnam Co., Ltd.	Manufacturing of PCBs and EMS
MDS Circuit Technology, Inc.	Design of PCBs
Meiko Electronics America, Inc.	Sales of PCBs
Meiko Electronics Europe GmbH	Sales of PCBs

**Base List**

**Plants**

Kanagawa Factory	5-14-15, Ogami, Ayase, Kanagawa 252-1104, Japan
Fukushima Factory	1-2, Iwasawa, Kamikitaba, Hirono-cho, Futaba-gun, Fukushima 979-0401, Japan
Ishinomaki Factory	8-5, Shigeyoshi-cho, Ishinomaki, Miyagi 986-0844, Japan
Yamagata Factory	250, Maki, Yachi, Kahoku-cho, Nishimurayama-gun, Yamagata 999-3511, Japan
MEIKO Research and Development Center	3-35-6, Sugikubo-minami, Ebina, Kanagawa 243-0414, Japan
Yamato Technology Center	1-2-1, Shibuya, Yamato, Kanagawa 242-0023, Japan
Guangzhou Plant in China	No.2 Guangsheng Road, Western Industrial District, Nansha Economic and Technological Development Zone, Guangzhou, Guangdong Province, P. R. China
Wuhan Plant in China	No.9 Shenlong Road, Wuhan Economic and Technological Development Zone, Hubei Province, P. R. China
Vietnam Plant	Lot LD4,Thach That -Quoc Oai Industrial Zone., Hanoi, Vietnam

**Sales Bases**

1st PCB Sales Dept.	5-14-15, Ogami, Ayase, Kanagawa 252-1104, Japan
2nd PCB Sales Dept.	5-14-15, Ogami, Ayase, Kanagawa 252-1104, Japan
3rd PCB Sales Dept.	5-14-15, Ogami, Ayase, Kanagawa 252-1104, Japan
EMS Dept.	5-14-15, Ogami, Ayase, Kanagawa 252-1104, Japan
International Sales Dept.	5-14-15, Ogami, Ayase, Kanagawa 252-1104, Japan
Nagoya Sales Office	Sanko Marunouchi Bldg. 6F, 3-18-1, Marunouchi, Naka-ku, Nagoya, Aichi 460-0002, Japan
Osaka Sales Office	Shin-Osaka Doi Bldg. 10F, 7-5-25, Nishinakajima, Yodogawa-ku, Osaka, Osaka 532-0011, Japan
Omiya Sales Office	OZ Bldg. 2F, 1-124-2, Naka-cho, Omiya-ku, Saitama, Saitama 330-0845, Japan
Ebina Office	1012, Kamigo, Ebina, Kanagawa 243-0434, Japan
Sales Headquarters (Guangzhou, China)	No.2 Guangsheng Road, Western Industrial District, Nansha Economic and Technological Development Zone, Guangzhou, Guangdong Province, P. R. China
International Sales Dept. (Guangzhou, China)	No.2 Guangsheng Road, Western Industrial District, Nansha Economic and Technological Development Zone, Guangzhou, Guangdong Province, P. R. China
Asia Sales Dept. (Guangzhou, China)	No.2 Guangsheng Road, Western Industrial District, Nansha Economic and Technological Development Zone, Guangzhou, Guangdong Province, P. R. China
Shanghai Sales Office	Hua Ning international Plaza , South Building 22F, 2201 Xuan Hua Road #300, ChangNing Area, Shanghai, P.R. China
Tianjin Sales Office	Room 3502, Golden Crown Bldg., No.20 Nanjing Road, Hexi District, Tianjin, P.R. China
Taiwan Branch	8F-3, No.15 Jin-Guo Road, Tayuan, Taiwan
Meiko Elec. Hong Kong. Co., Ltd.	Unit 2107A, Tower II, Metroplaza, 223 Hing Fong Road, Kwai Chung N. T. Hong Kong
Meiko Electronics America, Inc.	5050 El Camino Real Suite 108, Los Altos, CA 94022, U.S.A.
Meiko Electronics Europe GmbH	Frankfurter Ring 193a 80807 München, Germany
Meiko Tech Osaka Head Office	Shin-Osaka Doi Bldg. 2F, 7-5-25, Nishinakajima, Yodogawa-ku, Osaka, Osaka 532-0011, Japan
Meiko Tech Yokohama Branch Office	Shin-Yokohama AK Bldg. 7F, 3-23-3, Shin-yokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033, Japan

## Stock Information

Number of Shares Authorized	63,200,000 shares
Number of Shares Issued	18,774,076 shares (excluding 629,244 shares of treasury stock)
Number of Shareholders	5,976

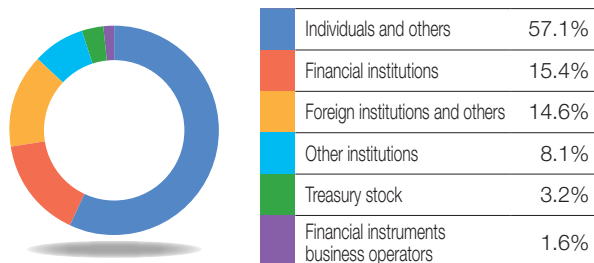
## Principal Shareholders

Name of shareholder	Number of shares held (thousands of shares)	Percentage of total number of shares issued (%)
Yuichiro Naya	4,697	25.0
PLEASANT VALLEY	631	3.4
Meiko Kosan Co., Ltd.	608	3.2
Japan Trustee Services Bank, Ltd. (trust account)	552	2.9
Yuho, Ltd.	521	2.8
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	519	2.8
Haruyuki Naya	488	2.6
Seichi Naya	439	2.3
HILLCREST, L. P.	379	2.0
Sumitomo Mitsui Banking Corporation	377	2.0

\* The Company owns 629,244 shares of treasury stock, which is excluded from the above list of principal shareholders.

The percentages of total number of shares issued have been calculated after excluding treasury stock.

## Distribution of Ownership among Shareholders



## Shareholders' Information

Fiscal year	April 1 to March 31 of the following year
Annual Shareholders' Meeting	June
Record date	End-of-the-year dividends: March 31 Interim dividends: September 30
Method of public notice	Electronic public notice. In the event of accidents or other unforeseen events that prevent publication of the electronic public notice, it will be published in The Nikkei. Official page: <a href="http://www.meiko-elec.com/ir/pa.shtml">http://www.meiko-elec.com/ir/pa.shtml</a>
Stock exchange	JASDAQ (Standard), Osaka Securities Exchange
Administrator of shareholders register and special account management institution	1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Trust Bank, Limited
Handling office of administrator of shareholders register	1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan Stock Transfer Agency Business Planning Dept. Sumitomo Mitsui Trust Bank, Limited
(Mailing address)	2-8-4, Izumi, Suginami-ku, Tokyo 168-0063 Japan Stock Transfer Agency Business Planning Dept. Sumitomo Mitsui Trust Bank, Limited
(Inquiries by telephone)	☎ 0120-782-031
(URL)	<a href="http://www.smtb.jp/personal/agency/index.html">http://www.smtb.jp/personal/agency/index.html</a>

### [Notices and inquiries concerning shareholdings]

Shareholders with securities company accounts are advised to contact the securities company that manages their accounts with regard to notices such as a change of address or inquiries concerning their shareholdings.

Shareholders who do not hold accounts with a securities company are advised to contact the above telephone number for inquiries.

## Introduction of Meiko Website



Top page



CSR Report



Introduction of our products  
(A Lot of MEIKO around You)

For our latest IR news releases and other information, including details on our products and CSR activities, please visit the Company website.

You can visit the Company website to find other useful information as well.

Meiko  Search

<http://www.meiko-elec.com/>

Bringing You Today's Meiko

# MEIKO NEWS

## TOPICS

### Operations Resume at the Ishinomaki Factory

Restoration work has been completed on the Miyagi Factory, which had been shut down by the tsunami that accompanied the Great East Japan Earthquake. Its name has been changed to the Ishinomaki Factory and operations resumed on May 20, 2013.

This state-of-the-art factory is a pilot plant for the production of new PCBs made possible by innovative production techniques. Production of prototypes and mass manufacturing of advanced PCBs that include Thin Module PCBs and Embedded Devices PCBs will take place there. The factory has resumed operations with approximately 30 personnel, but this number will be increased as we add more equipment in line with future demand and business conditions.

There are now seven factories in the Meiko Group. They are located in Japan and overseas, in China, Vietnam and other countries. The Ishinomaki Factory, as a highly advanced production facility focused on global-standard products, will be seeing further improvement of its development and production systems.



#### Ishinomaki Factory Overview

Concept	A pilot plant equipped with new technologies and production base for advanced PCBs
Start of Operations	December 2004 (resumed in May 2013)
No. of Employees	30 at start (390 before the earthquake) The number will be increased according to the business condition.
PCB Type	Flexible PCBs and Heavy Copper PCBs utilizing new production techniques, Module PCBs and Embedded Devices PCBs

## Meiko's CSR

Meiko recognizes that CSR is central to every aspect of our business activity and carries out its duties at the local level with the aim of establishing trust in the company.

# Environmental Assessments of Overseas Factories

## Meiko's Environmental Assessments

In our efforts related to environmental assessments, our basic policy is to predict the impact on the surrounding environment of such factors as exhaust, wastewater, noise, and waste material generated during factory operation, and we construct environmentally friendly facilities and employ the proper means of dealing with above factors. These efforts are aimed at creating a society where the natural environment is in harmony with human endeavors. To minimize environmental risks, we manage the concentration and volume of pollutants in air and water, sound levels, and other elements that affect the surrounding environment, by employing strict internal standards that are several levels beyond the required public standards. At our factories overseas, assessments of environmental impact are particularly rigorous for our plating process, which uses large amounts of energy and chemicals.

### Initiatives at Meiko Electronics (Wuhan) Co., Ltd.

At Meiko Electronics (Wuhan) Co., Ltd. (the "Wuhan Plant"), our environmental assessment was certified by the Wuhan Environmental Protection Bureau for our 1st Factory in January 2007 and our 2nd Factory in December 2011.

The Wuhan Plant has also hermetically reduced CO<sub>2</sub> emissions through the more efficient use of equipment, and it has conserved even more energy in its efforts to prevent global warming. The company was consequently selected as the only corporate model for energy conservation in Wuhan City by the Hubei National Development and Reform Commission in December 2012. This was followed by being selected as a Hubei environmental protection monitoring model company with the deployment of an online monitoring system for preventing wastewater pollution in March 2013.



Online Wastewater Measurement Room



Wuhan

### Meiko Electronics (Wuhan) Co., Ltd.

Start of Operations: 2006

From cutting-edge HDI PCBs that include AnyLayer PCBs for smartphones to high-reliability PCBs for mounting in automobiles, this strategic plant carries out production in step with market changes.



Guangzhou

### Meiko Electronics (Guangzhou Nansha) Co., Ltd.

Start of Operations: 2001  
Meiko's first overseas production facility. This plant handles a wide range of high-end products that include PCBs for automobiles and other HDI PCBs.



Hanoi

### Meiko Electronics Vietnam Co., Ltd.

Start of Operations: 2011 (EMS began in 2009)

Our third-largest overseas production facility. Focused on HDI PCBs for mobile phones, this plant will ultimately be the Group's largest and most advanced production facility.



Headquarters 5-14-15, Ogami, Ayase,  
Kanagawa 252-1104, Japan  
Tel: 0467(76)6001 (switchboard)  
URL: <http://www.meiko-elec.com/>

### Notes on Forecasts

The information in this report contains future forecasts, such as plans and business results of the Company. These forecasts are based on information available at the time when these forecasts were made and certain preconditions that the Company believes to be reasonable. Please note that actual business results may differ from the forecasts herein due to a variety of factors.



This pamphlet was made using environmentally friendly vegetable oil-based inks and FSC® certified paper.