

# 38th interim MEIKO REPORT

(April 1, 2012 to September 30, 2012)

## CONTENTS

Explanation of Financial Results — P01

Interview with the President — P03

Corporate Data — P05

MEIKO NEWS — Back Cover

The cover art features a large, light blue background with a grid of circular images. The central image is a glowing green globe with a circuit board pattern. Surrounding it are smaller circles showing a white sports car, solar panels, a modern interior, a smartphone, a person driving, a person using a mobile device, a person at a computer, and a family. The text '38th interim MEIKO REPORT' is overlaid at the bottom in a large, blue, sans-serif font.

38th interim  
**MEIKO REPORT**

Securities code: 6787

MEIKO ELECTRONICS CO., LTD.

## Key Points

Positive Factor  
(Year-on year)

### 1. Start of full operations at Vietnam Plant

Negative Factors  
(Year-on year)

1. Delay in smartphone orders, further reduction in TV orders
2. Reduced production due to anti-Japanese demonstrations in China
3. Currency conversion loss due to the strong yen

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

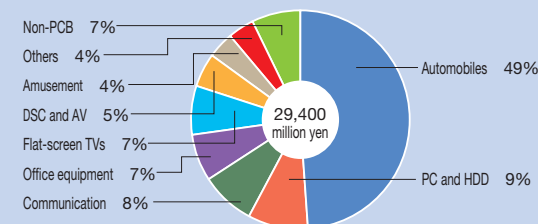
Looking at sales composition by PCB type, sales was strong for PCBs for automobiles with the composition ratio rising from 34% to 49%, compared to the six months ended September 30, 2011.

Sales of PCBs for flat-screen TVs, however, fell from 16% to 7% mainly due to the shrinkage of television business for Japanese television manufacturers.

With regards to sales composition by product, the impact of reduced sales of flat-screen TVs, in particular, has resulted in a decrease in the amount of sales accounted for by double-sided PCBs and four-layer PCBs, and an increase in sales composition for six-layer PCBs.

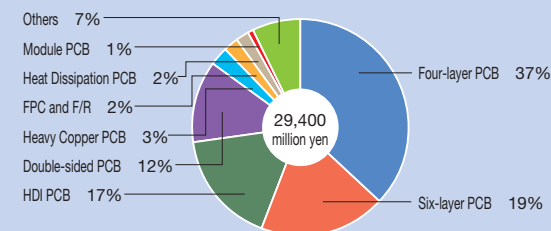
### By application

	FY2011 in term	FY2012 in term
Automobiles	34%	49%
PC and HDD	9%	9%
Communication	8%	8%
Office equipment	6%	7%
Flat-screen TVs	16%	7%
DSC and AV	6%	5%
Amusement	4%	4%
Others	7%	4%
Non-PCB	10%	7%



### By PCB type

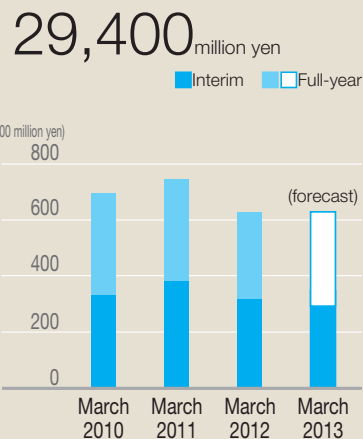
	FY2011 in term	FY2012 in term
Four-layer PCB	40%	37%
Six-layer PCB	14%	19%
HDI PCB	16%	17%
Double-sided PCB	13%	12%
Heavy Copper PCB	2%	3%
FPC and F/R	1%	2%
Heat Dissipation PCB	2%	2%
Module PCB	2%	1%
Others	10%	7%



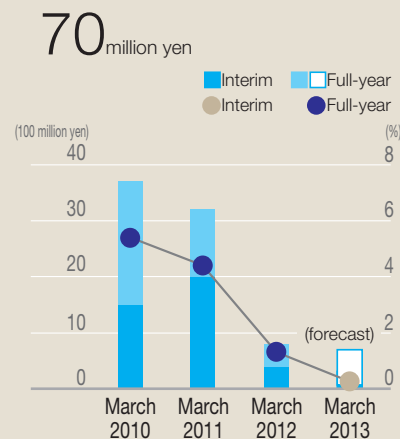
## Net sales / operating income / net income (loss)

Sales of PCBs for automobiles were strong, mainly due to a global recovery in automobile demand, and increased interest in eco-cars. However, due to the slump in the electronics industry led by declining performance of televisions and computer related equipment, delay in smartphone orders, and the impact of the exchange rate, both net sales and income were down compared to the previous year.

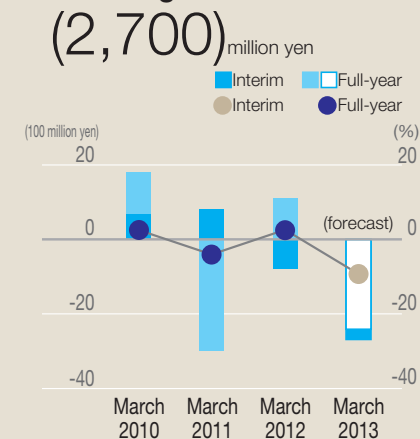
### Net sales



### Operating income / Operating margin

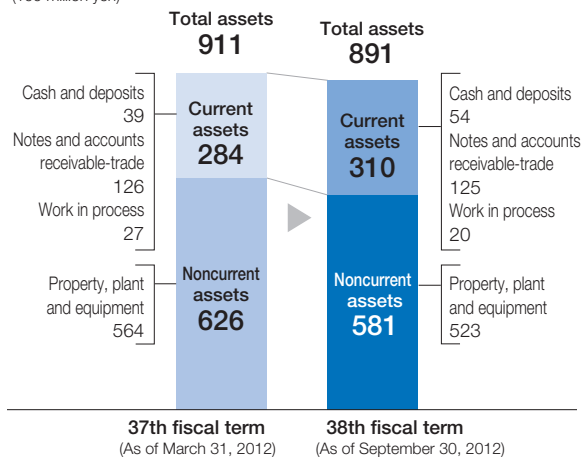


### Net income (loss) / Net margin



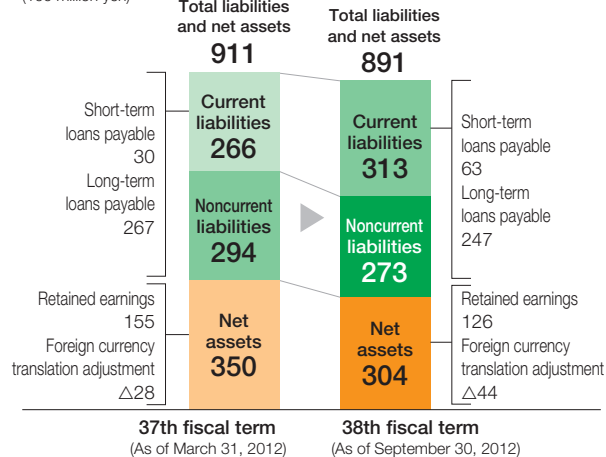
## Assets

(100 million yen)



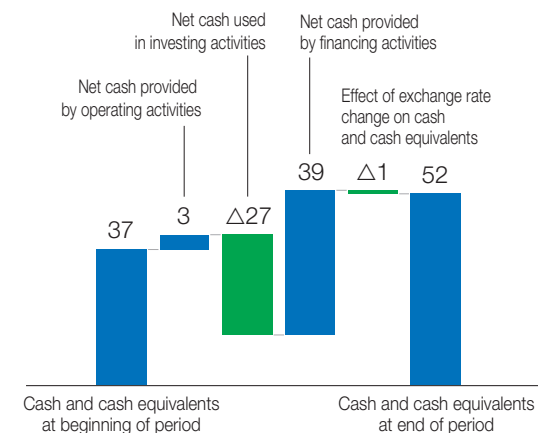
## Liabilities and net assets

(100 million yen)



## Cash Flows

(100 million yen)



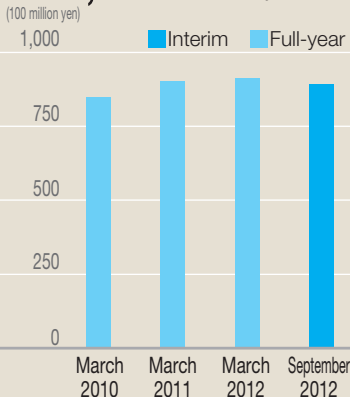
**Main changes:** With respect to current assets, cash and deposits increased by 1,470 million yen, notes and accounts receivable-trade fell by 114 million yen, and work in process fell by 701 million yen. With respect to noncurrent assets, property, plant and equipment fell by 4,035 million yen.

**Main changes:** Looking at liabilities, with respect to current liabilities, short-term loans payable rose by 3,289 million yen. With respect to noncurrent liabilities, long-term loans payable fell by 1,996 million yen. In terms of net assets, retained earnings fell by 2,841 million yen, and foreign currency translation adjustment fell by 1,640 million yen.

**Main changes:** For the six months ended September 30, 2012, cash and cash equivalents rose by 1,470 million yen compared to the previous consolidated fiscal year to 5,221 million yen.

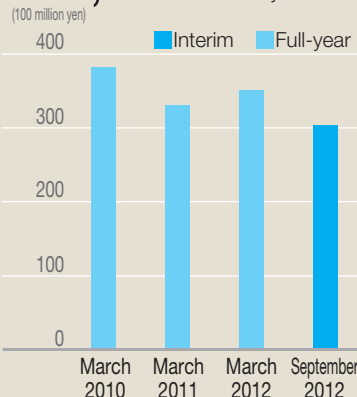
## Total assets

89,100 million yen  
(100 million yen)



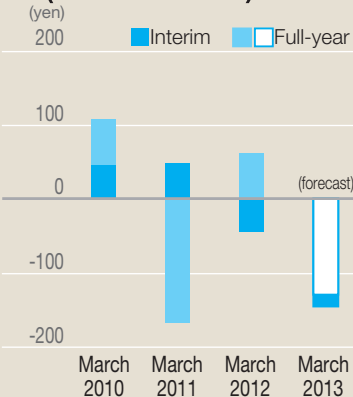
## Net assets

30,400 million yen  
(100 million yen)



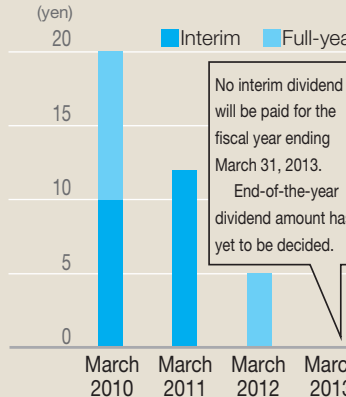
## Net income (loss) per share

(146.34) yen



## Dividend per share

0 yen



No interim dividend will be paid for the fiscal year ending March 31, 2013. End-of-the-year dividend amount has yet to be decided.



**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 interim MEIKO REPORT for the 38th fiscal term (ending March 31, 2013) to explain the business conditions for the six months ended September 30, 2012 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 six months ended September 30, 2012.**



**We strove to expand and strengthen our production facilities, but the decline in orders had an impact on business results**

The global economy during the six months ended September 30, 2012 was particularly stagnant, with a large amount of negative growth in southern European countries due to the worsening monetary and fiscal crisis in Europe, as well as a decline in the economy of Germany, which had been remaining strong. Although production and employment are gradually recovering in the United States, the future outlook remains uncertain with little cause for optimism, with stagnant personal spending and a decline in capital investment. The economic growth of Asia including China has slowed compared to what it was once, due to falling exports and sluggish growth of capital investment.

The Japanese economy, on the other hand, began to show signs of recovery with strong personal spending backed by recovery demand, and a shift back from the budget-mindedness that followed the Great East Japan Earthquake.

However, this recovery came to a standstill in the latter half of the period under review.

The automotive industry, one of the Meiko Group's main business partners, saw strong sales as a result of global automobile demand recovery, increased interest in eco-cars, and increases in inventory in order to strengthen supply chains. On the other hand, conditions were harsh for the electronics industry with a decline in demand for computer related devices, and shrinkage of television business by Japanese companies due to intensifying international competition. The anti-Japanese demonstrations occurred in China in September and accompanying boycotts have also begun to gradually cast their shadows on the Japanese economy.

Under such circumstances, the Group has begun productions of PCBs for automobiles at the Wuhan Plant in China, alongside the Guangzhou Plant in China and Yamagata Factory, in order to meet the demand expected to grow in the future. We are also working to strengthen the facilities in the Vietnam Plant, which has begun full-fledged manufacturing of PCBs for mobile phones and smartphone from this fiscal year. However, due to the stagnation of the electronics industry, delays in orders of PCBs for smartphones, as well as the yen remaining strong, both net sales and income were down compared to the previous year.

As a result of the above, with respect to the business results for the six months ended September 30, 2012, net sales was 29,473 million yen (decreased 8.8% over the same period of the previous year), operating income was 71 million yen (decreased 84.0% over the same period of the previous year), ordinary loss was 1,826 million yen (ordinary loss for the same period of the previous year was 1,021 million yen), and quar-



terly net loss was 2,747 million yen (net loss for the same period of the previous year was 828 million yen).

**Q2** Please describe prospects for the full-year.

**A** New products will be launched, but the slowing global economy will have an influence

Due mainly to the launch of new models in the smartphone and tablet computer fields, which will continue growing, new component demand is expected. However, the worsening European economic climate and the slowdown of emerging economies such as China will continue to cloud future economic prospects. In addition, the impact of poor sales of electronics including televisions and the decline in automobile sales as a result of anti-Japanese demonstrations and boycotts in China are expected to negatively impact our business results.

As a result, with respect to the full-year, we forecast net sales of 63,000 million yen (increased 0.0% over the previous fiscal year), operating income of 700 million yen (decreased 13.8% over the previous fiscal

**Full-Year Consolidated Forecast**

Net sales	63,000 million yen
Operating income	700 million yen
Ordinary loss	1,800 million yen
Net loss	2,400 million yen

year), ordinary loss of 1,800 million yen (compared to ordinary income of 222 million yen for the previous fiscal year), and net loss of 2,400 million yen (compared to net income of 1,158 million yen for the previous fiscal year).

**Q3** Please describe the current production system conditions and its future

**A** We will proactively invest in Vietnam with an eye towards expanding markets

Two of our factories in Japan stopped manufacturing activities as a result of the earthquake and nuclear power plant disaster, but the Fukushima Factory resumed operation in the summer of 2011. Preparations are underway to reopen the Miyagi Factory, which suffered the loss of all production facilities. We renewed the concept of the factory as a new development and mass production site consolidating various cutting edge technologies. This is planned for April 2013.

With respect to overseas production bases, we will begin manufacturing PCBs for automobiles in our 1st Factory of Wuhan Plant in China, in addition to the Guangzhou Plant in China, to service the needs of the automobile market, which is expected to grow globally, and we will proactively increase the number of overseas automobile-manufacturer clients. PCB orders have been delayed from the schedule at the 2nd Factory of Wuhan Plant in China, which handles mass production of cutting-edge PCBs for smartphones, etc., but production has been resumed, and we plan to expand our dealings with global mobile phone manufacturers. We will also invest in the Vietnam Plant, which just began full-fledged operation, in order to turn it into a major production base, equivalent to the two plants in China. We are currently reinforcing facilities to increase the

production volume of PCBs for the large-scale mobile phone manufacturing plants that foreign companies have established in Vietnam. In the future, we also plan to perform mass production of automotive PCBs for Asia and Europe.

**Q4** Please share a word with the shareholders and investors.

**A** We will strive to expand internal reserves and to return profits

We will carefully consider the balance of profits returned to our shareholders and investors and the expansion of internal reserves in order to maintain and strengthen our competitive market position. Our basic policy is to distribute dividends linked to our business results.

Taking into account results of the six months ended September 30, 2012 and the future outlook, regrettably, we have decided not to distribute interim 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	10,545.63 million yen
No. of Employees	9,977 (consolidated) (Japan: 802) (Overseas: 9,175)
Outline of Business	Design, manufacturing, and sales of PCBs Development, manufacturing, and sales of electronic equipment

**Executives**

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	Haruyuki Naya
Director and Managing Executive Officer	Tetsuro Suzuki
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
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
Meiko Electronics Europe GmbH	Am Soldnermoos 17 85399 Hallbergmoos, 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	6,807

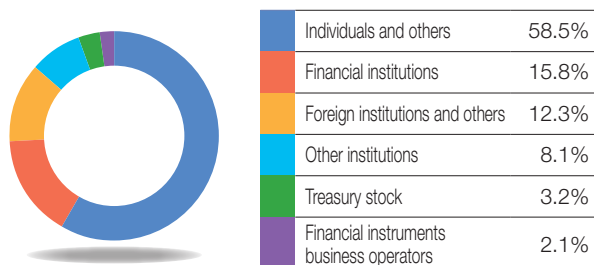
## Principal Shareholders

Name of Shareholder	Number of shares held (thousands of shares)	Percentage of total number of shares issued (%)
Yuichiro Naya	4,696	25.0
PLEASANT VALLEY	631	3.4
Meiko Kosan Co., Ltd.	608	3.2
Yuho, Ltd.	521	2.8
Haruyuki Naya	488	2.6
Japan Trustee Services Bank, Ltd. (trust account)	477	2.5
Seiichi Naya	439	2.3
HILLCREST, L. P.	379	2.0
Sumitomo Mitsui Banking Corporation	377	2.0
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	375	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)	1-10, Nikko-cho, Fuchu-shi, Tokyo, Japan 183-8701 Stock Transfer Agency Business Planning Dept. Sumitomo Mitsui Trust Bank, Limited
(Inquiries by telephone)	☎ 0120-176-417
(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]

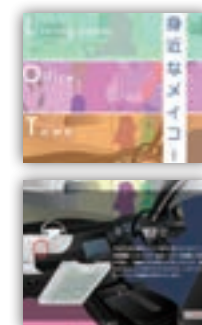
Shareholders with securities company accounts are advised to contact the securities company that manages their accounts with regard to notices such as a change of address or inquiries concerning their shareholdings.

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

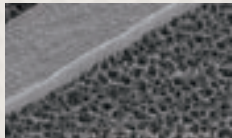
Cutting copper and electric power usage to 1/4!

### Successful Development and Mass Production of High Precision Flexible PCBs

Meiko succeeded in development and mass production of high precision flexible PCBs which require only 1/4 of the amount of copper used in conventional PCBs and 1/4 of the amount of electric power used in their production. This greatly reduces manufacturing costs and energy usage, as well as makes significant contributions to resource conservation and the environment.

This product was made possible by using molecular junction technology developed by Sulfur Chemical Institute Inc. and by developing copper foil-free, direct metalizing technology, which can be used to directly apply copper wiring to resin surfaces.

This newly developed technology can be used not only in flexible PCBs, but also in a variety of products, such as rigid PCBs and HDI PCBs; therefore, we are engaging in further research and development in order to increase its commercial viability.



Junction Face of Conventional Products



Junction Face Produced with This Technology

## 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.

### Our Green Society Initiatives

#### Initiatives Taken by Our Vietnam Plant (Meiko Electronics Vietnam Co., Ltd.)

##### ● Processing of copper chloride etching waste liquid

Copper chloride etching waste liquid

Reaction tank

Slurry tank

Filtering equipment

① Copper oxide



Etching waste liquid processing plant

Electrolysis equipment

② Sodium hypochlorite

##### Recycling copper chloride etching waste liquid

In the circuit forming process for PCBs, circuits are formed by using copper chloride solution to dissolve copper foil (etching). At Vietnam Plant, we have acted as a pioneer in our industry by installing a dedicated plant to recycle the copper chloride etching waste liquid that is generated in the circuit forming process into a valuable resource that can be collected. At this plant copper chloride etching waste liquid is recycled into two valuable resources (① copper oxide and ② sodium hypochlorite) after filtration through filtering equipment and electrolysis equipment. The facility does not generate any hazardous substance as a by-product, with the only residual product being common salt, making it a very safety-conscious system.



Meiko Technologies Are Used in a Wide Range of Applications

### High Electric Current PCBs Contribute to the Popularization of Environmentally Friendly Products such as Eco-cars

High Electric Current PCBs are PCBs with particularly thick patterns for use in products such as hybrid cars and electric vehicles, which use power currents that far exceed those of conventional products.

The feature of the High Electric Current PCBs which have been researched and developed by Meiko is that they do not use the conventional etching used in circuit formation, but instead a new technique, developed in-house, that greatly reduces the amount of sewage water produced and makes the manufacturing process more ecologically friendly. In recent years, demand has risen among customers not only for high electric current support, but also for heat dissipation performance and size reductions, and we conduct further research and development activities in order to meet these needs.

Meiko will continue to develop and advance the High Electric Current PCBs that work behind the scenes to support environmentally friendly products such as hybrid cars and electric vehicles in order to achieve a low carbon society.



High Electric Current PCB (Cross-Section)



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.