

39th interim MEIKO REPORT

(April 1, 2013 to September 30, 2013)

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39th interim

MEIKO REPORT

Securities code: 6787

MEIKO ELECTRONICS CO., LTD.

Key Points

Positive Factors (Year-on-year)

1. Smooth start-up of PCBs for the smartphones of Asian and Chinese manufacturers

2. Steady growth of PCBs for automobiles

Negative Factor (Year-on-year)

1. Impact of the fire accident in Vietnam Plant

Sales Composition by PCB (Printed Circuit Board) Type

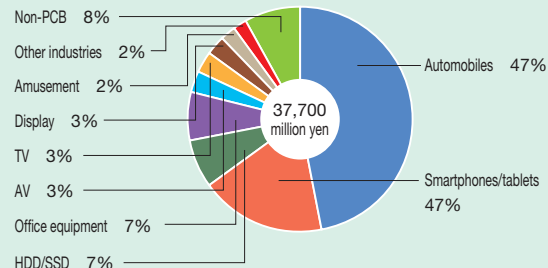
Looking at the sales composition by PCB type, sales were strong for automotive PCBs, given that their composition ratio hovered around 50%. Additionally, it is apparent that PCB sales for the smartphone and tablet significantly increased, given that their composition ratio rose from 9% to 18% when compared year-on-year.

However, sales of PCBs for flat-screen TVs fell from 7% to 3% mainly due to a contraction in the TV market share of Japanese television industry.

With regards to sales composition by product, the significant sales growth of smartphones and tablet PCBs has resulted in a 7% increase in the sales composition of HDI PCBs from 19% to 26%.

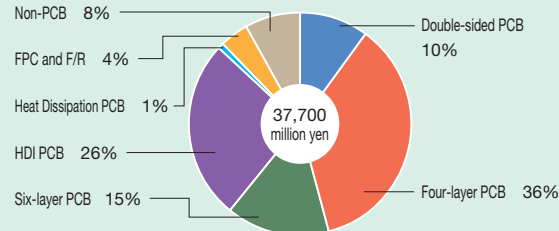
By application

	The second quarter FY2012	The second quarter FY2013
Automobiles	49%	47%
Smartphones/tablets	9%	18%
HDD/SSD	10%	7%
Office equipment	7%	7%
AV	4%	3%
TV	7%	3%
Display	1%	3%
Amusement	4%	2%
Other industries	3%	2%
Non-PCB	6%	8%



By PCB type

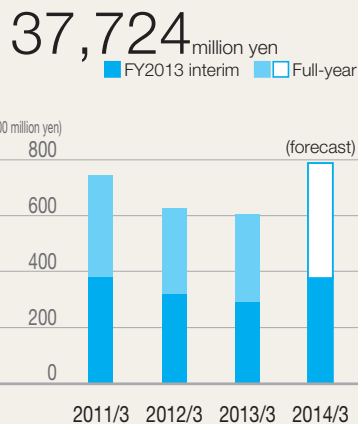
	The second quarter FY2012	The second quarter FY2013
Double-sided PCB	12%	10%
Four-layer PCB	38%	36%
Six-layer PCB	19%	15%
HDI PCB	19%	26%
Heat Dissipation PCB	2%	1%
FPC and F/R	3%	4%
Non-PCB	6%	8%



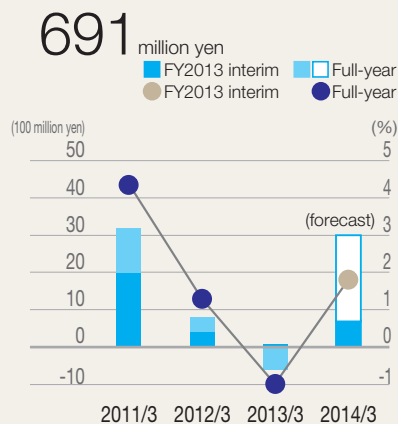
Net sales / operating income / net income

As a result of our efforts to obtain new customers and receive new orders mainly from the strong automobile market and the overseas smartphone and tablet sectors, our production volume in both the domestic and overseas plants expanded, and both net sales and income exceeded the results of the same period in the previous year.

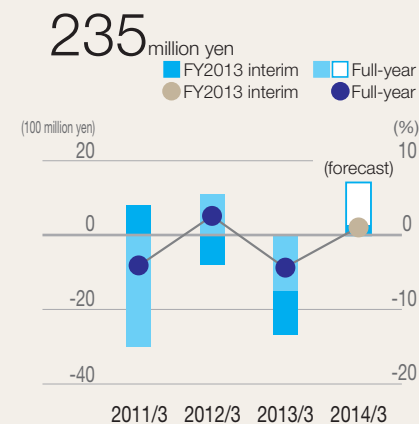
Net sales



Operating income / Operating margin

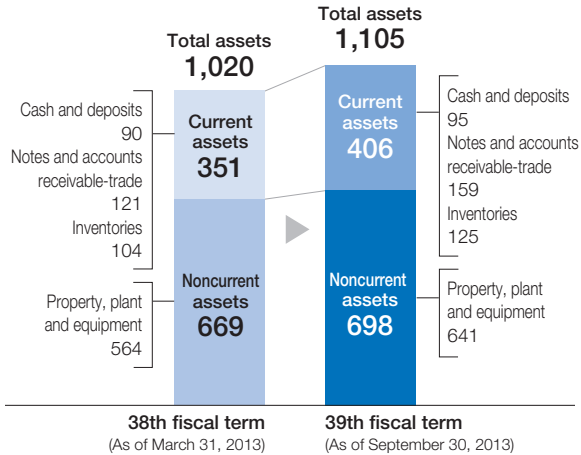


Net income / Net margin



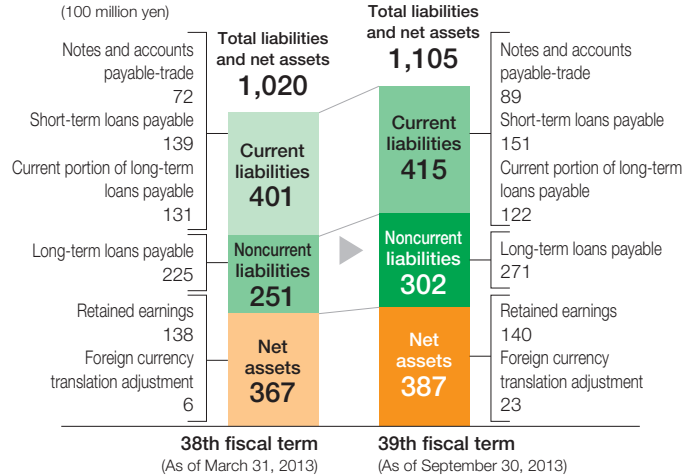
Assets

(100 million yen)



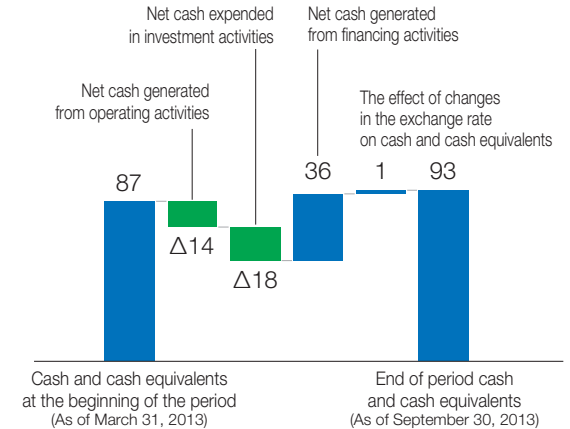
Liabilities and net assets

(100 million yen)



Cash Flows

(100 million yen)



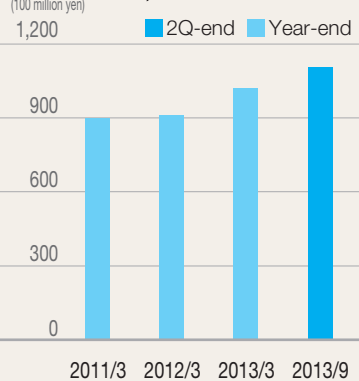
Main changes: For assets, with respect to current assets, notes and accounts receivable-trade, and merchandise and finished good increased by 3,816 million yen and 965 million yen, respectively. With respect to noncurrent assets, property, plant and equipment rose by 2,426 million yen.

Main changes: Looking at liabilities, with respect to current liabilities, notes and accounts payable-trade, and short-term loans payable rose by 1,658 million yen and 1,202 million yen, respectively. With respect to noncurrent liabilities, long-term loans payable increased by 4,613 million yen.

Main changes: For the first half of FY2013, cash and cash equivalents rose by 512 million yen in comparison to the previous consolidated fiscal year, to 9,300 million yen.

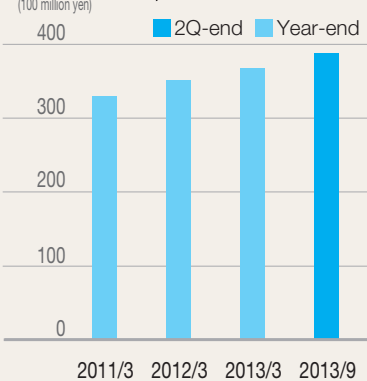
Total assets

110,556 million yen
(100 million yen)



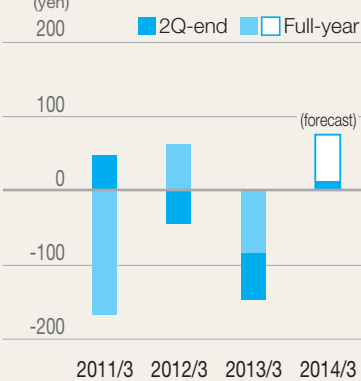
Net assets

38,778 million yen
(100 million yen)



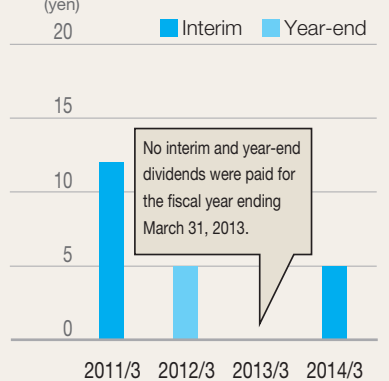
Net income per share

12.56 yen
(yen)



Dividend per share

5 yen
(yen)





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

Using an interview format, I would like to take the opportunity provided by our interim MEIKO REPORT for the 39th fiscal term (ending March 31, 2014) to explain the business conditions of the first half of FY2013, and our future business strategy.

President & CEO **Yuichiro Naya**



Q1 Please describe the business environment and operating results for the first half of FY2013.

A Despite the continued uncertainty regarding the overall economy, Meiko achieved profits due to the expansion of the automobile industry

With respect to the global economy in the first half of FY2013, the US economy showed some signs of recovery due to the rise in consumer spending backed by the recovery of the housing and labor markets. Nevertheless, European countries were unable to provide a drastic solution to the prolonged fiscal crisis, and remained in turmoil over fiscal austerity. Additionally, in Asia, the Chinese economy, which continues to show signs of deceleration, remained stagnant in the realm of manufacturing activities, investment in plant and equipment and consumer spending. Meanwhile, the economic growth of many other emerging countries has slowed in comparison to previous figures. Thus, the future outlook remains uncertain.

On the other hand, with respect to the Japanese economy, consumer sentiment has turned upward resulting from a series of economic and financial measures taken by the government and the BOJ. Moreover, the economy

is deemed to have bottomed, given the presence of positive indicators such as an increase in consumer spending, improvement of the labor market, as well as a recovery in production and exports.

The automotive industry, which represents one of the Meiko Group's main business partners, continued its steady expansion of sales backed by the recovery in global automobile demand and increased interest in eco-cars. On the other hand, conditions were harsh for the electronics industry, given the stagnant sales of domestic manufacturers, a decline in demand for computer related devices, and a contraction in the television-market share of Japanese companies due to intensifying international competition, despite strong demand related to smartphones and tablets of overseas manufacturers.

Under such circumstances, the Group has promoted an expansion of the production capacity of PCBs for automobiles, the most prominent growth area, and one which is backed by strong orders received. The 1st Factory of Wuhan Plant, which commenced production of automotive PCBs in the previous year, increased productions steadily, along with the existing Yamagata Factory and the Guangzhou Plant in China. In addition, we are also working to produce automotive PCBs in the Vietnam Plant in an effort to increase production capacity. With respect to smartphones and tablets, sales figures greatly exceeded those of the previous year due to our active efforts to develop new overseas customers. With regard to profits, the Group returned to profitability, although it could not achieve the initial budget due to the impact of the Vietnam Plant fire that occurred in September.

As a result of the above, with respect to the business results for the first half of FY2013, net sales increased by 8,250 million, marking an increase of 28.0% over the same period of the previous year, to 37,724

million yen. Operating income was 691 million yen (a jump of 866.1% over the same period of the previous year), ordinary income was 982 million yen (ordinary loss for the same period of the previous year was 1,826 million yen). Quarterly net income was 235 million yen (net loss for the same period of the previous year was 2,747 million yen).

Q2 Please describe the prospects for the full-year.

A Backed by market expansion, we will accelerate operations in the automobile and smartphone areas

In the second half, we plan to increase smartphone orders received from Asian customers in addition to strengthening automotive PCBs by obtaining opportunities from market expansion and further utilizing the Vietnam Plant, a production base for state-of-the-art HDI PCB. We will promote in order to reinforce our business base. With regard to PCBs for automobiles and smartphones, we expect double-digit growth in both segments.

As a result, with respect to the consolidated results for the full-year, we forecast net sales of 79,000 million yen (a jump of 30.1% over the previous fiscal year), operating income of 3,000 million yen

Full-Year Consolidated Forecast

Net sales	79,000 million yen
Operating income	3,000 million yen
Ordinary income	2,800 million yen
Net income	1,400 million yen

(operating loss of 650 million yen for the previous fiscal year), ordinary income of 2,800 million yen (ordinary loss of 386 million yen for the previous fiscal year), and net income of 1,400 million yen (compared to net loss of 1,567 million yen for the previous fiscal year).

Q3 Please describe the conditions of the current production system and its future.

A Resumption of full-fledged operations at the Ishinomaki Factory for the first time in two years. Further enhancement of the domestic and overseas production system

In Japan, the Ishinomaki Factory, which ceased operations as a result of the Great East Japan Earthquake, resumed operations for the first time in two years. The Ishinomaki Factory is expected to play a role in the launch of new technologies and new products that will be a core of our future growth. We position the plant as a production base mainly for the introduction of a pilot line of small, thin and sophisticated module PCBs that will be incorporated into smartphones, tablet PCs, and state-of-the-art embedded devices PCB.

With respect to overseas production bases, we plan to expand sales of the HDI PCB significantly, and strive to strengthen production systems mainly in the Wuhan Plant in China and the Vietnam Plant in Hanoi. In the 1st Factory of Wuhan Plant, we will promote further expansion of the production of automotive PCBs, aiming to shift from the current TV- oriented production in order to improve the overall production ratio. The 2nd Factory of Wuhan Plant will focus on the production of HDI PCBs for smartphones and tablets. In the Vietnam Plant, we plan to increase the production capacity of PCBs for smartphones and tablets, as a main plant, and also expand production of automotive PCBs and flexible PCBs. By establishing a stable supply system for the growing markets through the implementation of a

global production system, we aim at expanding revenues.

With respect to technological developments, led by “MEIKO Research and Development Center”, we aim to build an advantage with regard to reliability, quality, cost and production technology, from the level of materials and element technologies, and strive to develop new products and enhance the Group’s technological capabilities in the future.

Q4 Please share a word with the shareholders and investors.

A We will expand internal reserves and focus on the future return of profits

By setting an improvement of profitability to our shareholders as one of the key management tasks, we will take a stance for distribution of profit to consider our business results comprehensively and maintain a stable dividend. Our basic policy is to appropriate internal reserves for investment in order to strengthen and enhance our sound business base and to use it for future business development in order to ensure that future profits are returned to our shareholders.

Taking into account the results of the first half of FY2013, and the future outlook, we have decided to distribute an interim dividend of 5 yen per share. We appreciate the support of all stakeholders, including shareholders and investors, amidst the prolonged 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 continued support in the future.

Corporate Profile

Name	Meiko Electronics Co., Ltd.
Established	November 25, 1975
Headquarters	5-14-15, Ogami, Ayase, Kanagawa
Capital	10,545.63 million yen
No. of Employees	11,040 (consolidated) (Japan: 808) (Overseas: 10,232)
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	Tetsuro Suzuki
Director	Haruyuki Naya
Director	Kunihiko Sato
Senior Corporate Auditor	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 and industrial devices
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

Production base

Kanagawa Factory	5-14-15, Ogami, Ayase, Kanagawa	+81-467-76-6007
Fukushima Factory	1-2, Iwasawa, Kamikitaba, Hirono-cho, Futaba-gun, Fukushima	+81-240-27-3970
Ishinomaki Factory	8-5 Shigeyoshi-cho, Ishinomaki, Miyagi	+81-225-98-8769
Yamagata Factory	250, Maki, Yachi, Kahoku-cho, Nishimurayama-gun, Yamagata	+81-237-73-4515
Yamato Technology Center *1	1-14-1, Daikan, Yamato, Kanagawa	+81-46-205-2338
Guangzhou Plant in China	No.2 Guangsheng Road, Western Industrial District, Nansha Economic and Technological Development Zone, Guangzhou, Guangdong Province, P. R. China	+86-20-84980000
Wuhan Plant in China	No.9 Shenlong Road, Wuhan Economic and Technological Development Zone, Hubei Province, P. R. China	+86-27-84890000
Vietnam Plant	Lot LD4, Thach That -Quoc Oai Industrial Zone, Hanoi, Vietnam	+84-4-3368-9888

R&D base

MEIKO Research and Development Center	3-35-6, Sugikubo-minami, Ebina, Kanagawa	+81-46-238-5985
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Sales Bases

1st PCB Sales Dept.	5-14-15, Ogami, Ayase, Kanagawa	+81-467-76-6003
2nd PCB Sales Dept.	5-14-15, Ogami, Ayase, Kanagawa	+81-467-76-6002
3rd PCB Sales Dept.	5-14-15, Ogami, Ayase, Kanagawa	+81-467-76-9004
International Sales Dept.	5-14-15, Ogami, Ayase, Kanagawa	+81-467-70-4486
EMS Dept. *2	1-14-1, Daikan, Yamato, Kanagawa	+81-46-205-1766
Solder Stencil Dept. *3	1-14-1, Daikan, Yamato, Kanagawa	+81-46-205-6578
Nagoya Sales Office	Sanko Marunouchi Bldg. 6F, 3-18-1, Marunouchi, Naka-ku, Nagoya, Aichi	+81-52-950-2055
Osaka Sales Office	Shin-Osaka Doi Bldg. 10F, 7-5-25, Nishinakajima, Yodogawa-ku, Osaka, Osaka	+81-6-4806-7760
Omiya Sales Office	OZ Bldg. 2F, 1-124-2, Naka-cho, Omiya-ku, Saitama, Saitama	+81-48-782-7901
Sales Headquarters (Guangzhou, China)	No.2 Guangsheng Road, Western Industrial District, Nansha Economic and Technological Development Zone, Guangzhou, Guangdong Province, P. R. China	+86-20-84985675
International Sales Dept. (Guangzhou, China)	No.2 Guangsheng Road, Western Industrial District, Nansha Economic and Technological Development Zone, Guangzhou, Guangdong Province, P. R. China	+86-20-84985675
Asia Sales Dept. (Guangzhou, China)	No.2 Guangsheng Road, Western Industrial District, Nansha Economic and Technological Development Zone, Guangzhou, Guangdong Province, P. R. China	+86-20-84985675
Shanghai Sales Office	Hua Ning International Plaza , South Building 22F, 2201 Xuan Hua Road #300, Chang Ning Area, Shanghai, P.R. China	+86-21-32528001
Tianjin Sales Office	Room 3502, Golden Crown Bldg., No.20 Nanjing Road, Hexi District, Tianjin, P.R. China	+86-22-58181900
Taiwan Branch	8F-3, No.15 Jin-Guo Road, Tayuan, Taiwan	+886-3-357-3556
Meiko Elec. Hong Kong. Co., Ltd.	Unit 2107A, Tower II, Metroplaza, 223 Hing Fong Road, Kwai Chung N. T. Hong Kong	+852-21-918590
Meiko Electronics America, Inc.	5050 El Camino Real Suite 108, Los Altos, CA 94022	+1-650-336-1400
Meiko Electronics Europe GmbH	Frankfurter Ring 193a 80807 München	+49-89-3272-949-0
Meiko Tech Osaka Head Office	Shin-Osaka Doi Bldg. 2F, 7-5-25, Nishinakajima, Yodogawa-ku, Osaka, Osaka	+81-6-4806-7760
Meiko Tech Yokohama Branch Office	Shin-Yokohama AK Bldg. 7F, 3-23-3, Shin-yokohama, Kohoku-ku, Yokohama, Kanagawa	+81-48-782-7901

*1 and 3 were transferred on October 31, 2013 and *2 was transferred on November 7, 2013.

Stock Information

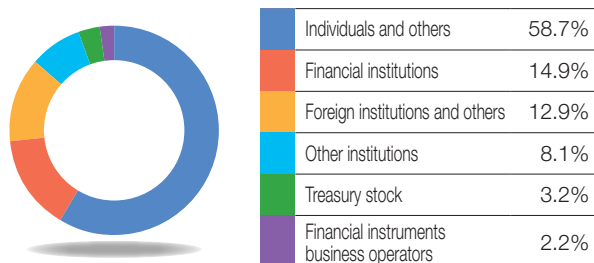
Number of Shares Authorized	63,200,000 Shares
Number of Shares Issued (excluding 629,244 Shares of treasury stock)	18,774,076 Shares
Number of Shareholders	5,623

Principal Shareholders

Name of Shareholder	Number of Shares held (thousands of Shares)	% of Shares held
Yuichiro Naya	4,697	25.0
PLEASANT VALLEY	631	3.4
Meiko Kosan Co., Ltd.	608	3.2
Yuho, Ltd.	521	2.8
Haruyuki Naya	488	2.6
Seiichi Naya	440	2.3
GOLDMAN SACHS INTERNATIONAL	391	2.1
HILLCREST, L. P.	379	2.0
Sumitomo Mitsui Banking Corporation	377	2.0
Japan Trustee Services Bank, Ltd. (trust account)	350	1.9

* The Company owns 629,244 shares of treasury stock, which is excluded from the above list of principal shareholders. The percentages for the total number of issued shares has 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-year dividends: 3/31 Interim dividends: 9/30
Method of public notice	Electronic public notice. In the event of accident or other unforeseen events that prevent publication of the electronic public notice, it will be published in The Nikkei. Official page: http://www.meiko-elec.com/ir/pa.shtml
Stock exchange	JASDAQ (Standard), Tokyo Stock 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, Japan Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited
(Inquiries by telephone)	0120-782-031
(URL)	http://www.smtb.jp/personal/agency/index.html

[Inquiries about notices such as a change of address concerning shareholdings]

Shareholders who have accounts with securities companies are advised to contact the securities company with regard to notices, such as a change of address. 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/>

MEIKO's CSR

Topics

Approaches of the Fukushima Factory and the Ishinomaki Factory

— Placement of emergency stockpile —

In light of the lessons learned from the Great East Japan Earthquake, the Fukushima Factory and the Ishinomaki Factory have reviewed and improved emergency stockpile for security during disasters.

Prioritizing the protection of our employees' lives when a disaster strikes, we prepared a stockpile in order to support rescue and salvage activities, and have provided services to accommodate our employees and lend support to those who want to go home (longitudinal direction in Figure 1). In doing so, we grouped employees to general employees and emergency responders (self-defense fire-fighting force and emergency headquarters) and selected a necessary stockpile for each group (crosswise direction in Figure 1).

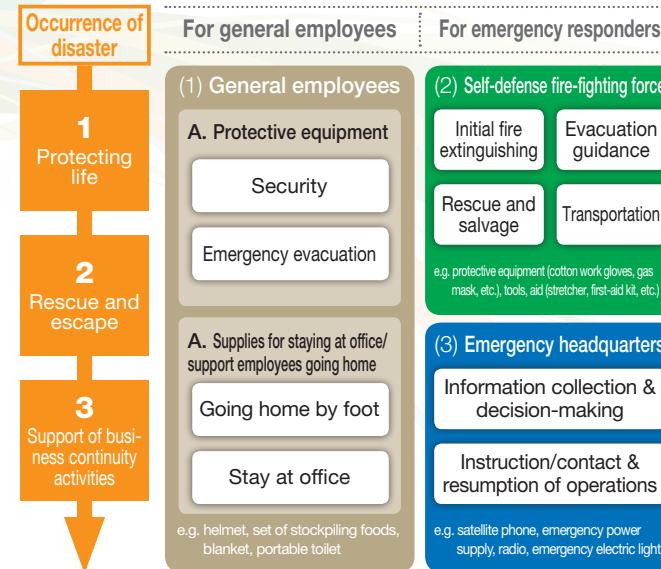
This time, we have introduced the parts of (1) General employees and (2) Self-defense fire-fighting force in Figure 1 in the Fukushima Factory and the Ishinomaki Factory. We will improve the stockpiles in other offices in order, and promote to organize a stockpile that is necessary for BCP in emergency headquarters.

With regard to the stockpile and rescue tools that will be provided this time, we plan to conduct practical training drills under the guidance of external professionals.

Meiko's approach to the establishment and improvement of the risk management system

We developed the "Basic Regulations of Risk Management" and the "Emergency Response Manual" for the risk management, accounting for various risks surrounding the Group, including the environment, disaster, quality and information security. In addition, in order to minimize possible impacts on the production plans of our customers, each plant of the Group established the Business Continuity Plan (BCP) to prepare for emergencies.

[Figure 1] Policy on stockpile



[Table 1] Stockpile list that is organized this time

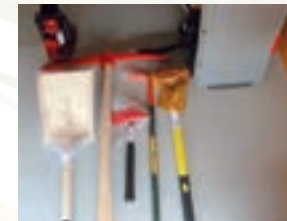
Helmet	Figure 1-(1)	Protective equipment set	Figure 1-(2)
Set for employees going home		Tool set	
Blanket		Stretcher	
Portable toilet		Food set	



■ Set for employees going home (energy cookies, Cyalume light, storage drinking water, surgical mask, emergency blanket, portable toilet and non-slip cotton work gloves)



■ Protective equipment set (LED headlight, goggle, leather rescue gloves, whistle and dust-protective mask)



■ Tool set (hammer, pinch bar, rescue ax, rotary jack with claw, shovel and pick)



■ Helmet ("Tatamet" in the Fukushima Factory) *Folding helmet



■ Stretcher (disposable stretcher)



■ Food set (storage drinking water of 1.5ℓ and Alpha rice (cooked and dry packed rice))

Notes on Forecasts

The information in this report contains future forecasts, such as the 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.