

## Financial Report for the 3-month Period Ended March 31, 2013 (Consolidated - Japanese Standards)

Company name: DAITO ELECTRON CO., LTD.  
 Stock exchange listing: 1st Sections of the Tokyo Stock Exchange and the Osaka Securities Exchange  
 Code number: 7609 URL: <http://www.daitron.co.jp/>  
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Scheduled date of submitting quarterly statement: May 15, 2013

Scheduled date of starting dividend payment: —  
 Support explanatory material for quarterly settlement: None

Explanatory meeting for quarterly settlement: None

(Figures less than a million yen are rounded down.)

### 1. Financial results for 3-month period ended March 31, 2013 (Consolidated)

#### (1) Operating results (Cumulative)

(Figures shown in percentages indicate the year-on-year rates of increase/decrease.)

|         | Net sales |        | Operating income |        | Ordinary income |        | Quarterly net income |        |
|---------|-----------|--------|------------------|--------|-----------------|--------|----------------------|--------|
|         | Mil. yen  | %      | Mil. yen         | %      | Mil. yen        | %      | Mil. yen             | %      |
| 1Q/2013 | 8,433     | (16.5) | (9)              | —      | 32              | (83.6) | 38                   | (66.8) |
| 1Q/2012 | 10,094    | (8.9)  | 156              | (71.9) | 196             | (65.5) | 116                  | (76.6) |

Note: Comprehensive Income 1Q/2013: 162 million yen (-27.3%) 1Q/2012: 224 million yen (-55.9%)

|         | Quarterly net income per share | Diluted quarterly net income per share |
|---------|--------------------------------|--|
|         | Yen                            | Yen                                    |
| 1Q/2013 | 3.50                           | —                                      |
| 1Q/2012 | 10.62                          | —                                      |

Note: Diluted quarterly net income per share is not shown because there existed no potential common stocks.

#### (2) Financial standing

|         | Total assets | Net assets  | Shareholders' equity ratio | Net assets per share |
|---------|--------------|-------------|----------------------------|----------------------|
|         | Million yen  | Million yen | %                          | Yen                  |
| 1Q/2013 | 25,345       | 11,558      | 45.6                       | 1,040.53             |
| FY2012  | 23,622       | 11,525      | 48.8                       | 1,032.90             |

(Reference) Shareholders' equity 1Q/2013: 11,554 million yen FY2012: 11,521 million yen

### 2. Dividend payments

|                   | Annual dividend payment (Yen) |        |        |            |       |
|-------------------|-------------------------------|--------|--------|------------|-------|
|                   | 1Q end                        | 2Q end | 3Q end | fiscal end | Total |
| FY2012            | —                             | 0.00   | —      | 10.00      | 10.00 |
| FY2013            | —                             |        |        |            |       |
| FY2013 (expected) |                               | 0.00   | —      | 10.00      | 10.00 |

(Note) Revision of the most recently announced dividend payment expectation: None

### 3. Consolidated operating estimates for fiscal 2013 ending December 31, 2013

(Figures shown in percentages indicate the year-on-year rates of increase/decrease.)

|                    | Net sales |       | Operating income |        | Ordinary income |        | Net income |      | Net income per share |
|--------------------|-----------|-------|------------------|--------|-----------------|--------|------------|------|----------------------|
|                    | Mil.yen   | %     | Mil.yen          | %      | Mil.yen         | %      | Mil.yen    | %    | Yen                  |
| 2Q<br>(cumulative) | 17,100    | (8.4) | 48               | (83.1) | 40              | (88.1) | (80)       | —    | (7.20)               |
| Full year          | 37,000    | 2.6   | 520              | 50.4   | 500             | 7.1    | 270        | 47.7 | 24.30                |

(Note) Revision of the most recently announced operating estimates: None

#### \* Notes

(1) Change in significant subsidiaries (change in specific subsidiaries that entails a change in the scope of consolidation) during the quarter: None

(2) Application of accounting procedures specially applicable to preparation of quarterly consolidated financial statements: None

(3) Change in accounting principles/estimates or restatement:

① Change associated with revision in accounting principles, etc: Changed

② Other change in accounting principles: None

③ Change in accounting estimates: Changed

④ Restatement: None

(4) Number of outstanding shares (common shares)

① number of outstanding shares at period-end (including treasury stock)

1Q 2013 : 11,155,979 shares

FY 2012 : 11,155,979 shares

② number of treasury stocks at period-end

1Q 2013 : 51,129 shares

FY 2012 : 1,119 shares

③ average number of shares during period (cumulative)

1Q 2013 : 11,125,961 shares

1Q 2012 : 11,016,699 shares

#### \* Representation on implementation status of the quarterly review procedures

This Quarterly Financial Report is not subject to the quarterly review procedures under the Financial Instruments and Exchange Act, and the review procedures for quarterly financial statements under the Act have not been completed at the time of disclosure of this Report.

#### \* Explanations on appropriate use of the earnings forecasts and other special comments

Please note that the statements concerning the future contained in this Report, including the earnings forecasts, are based on information obtained by the Company to date and given assumptions considered reasonable, but not a commitment to achieve them. In addition, the actual results may differ to a great extent depending on various factors that may arise in the future. For the preconditions for the earnings forecasts and notes for using them, please refer to "(3) Qualitative information on forecasted consolidated operating results" under "1. Qualitative information on accounts for the current cumulative quarter" shown on page 3 of Appendix.

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## 1. Qualitative information on accounts for the current quarter

### (1) Qualitative information on consolidated business results

Though the Japanese economy in this quarter began to show some signs of picking up such as the high yen being corrected and rising share prices based on a feeling of hope on new administration's economic policy, its future continued to be unclear due to the slowdown of the world economy under the influences of the protracted European debt problem and stagnant growth of emerging nations' economies.

Our electronics industry also had a difficult time in such an economic environment, with facility investments continuingly restrained on the whole, and it is still a long way from a phase of full-scale recovery, though a recovery trend began to be seen in part, including the auto-related field.

Under these circumstances, the Group's business results substantially fell below those of the same term last year both in sales and profit under the impact of the continuingly sluggish demand in the industrial machinery and equipment market, which is our major market.

Consequently, the Group obtained the following results in the current quarter: net sales 8,433 million yen (down 16.5% from the same term last year); operating loss 9 million yen (156 million yen operating profit in the same term last year); ordinary income 32 million yen (down 83.6%); and quarterly net income 38 million yen (down 66.8%).

The outline of segmental performance is as follows:

Daito Electron Co., Ltd. (the Company) transferred as of January 1, 2013, (i) its EM Business Dept., which had engaged in the manufacture of the Company's electronic material manufacturing equipment, to one of its domestic subsidiaries Daitron Technology Co., Ltd., and (ii) the Power Supply Business Dept., which had engaged in the manufacture of electronic equipment and components (power supply equipment), to another domestic subsidiary Daito Denso Co., Ltd.

With these transfers, the Report Segments of the two departments are changed: the EM Business Dept., which was included in "Manufacturing Equipment," and that of the Power Supply Business Dept., which was included in "Electronic Equipment and Components," are both included in "Domestic Subsidiaries" as from the current quarter.

The year-on-year comparisons contained herein are made with figures of the previous year reclassified into new Report Segments after the above transfers, respectively.

#### - Electronic Equipment and Components

As for this segment, despite the impact of production adjustments and inventory adjustments by industrial machinery and equipment manufacturers, our major customers, switching power supplies and uninterruptible power systems of the "Power Supply Equipment," and CCD cameras and lens/lights of the "Image-Related Equipment & Parts" remained steady and led the segment's performance. However, with low demands for other product lines including connectors and harnesses of the "Electronic Components & Assembly Products," which are Company's main products significantly affected by the lowered profitability resulting from the intensified price competition and stagnant corporate production activities, the performance of the entire segment was below that of the same term last year.

Consequently, net sales of this segment totaled 5,246 million yen (down 1.0% from the same term last year) with a segmental (operating) income of 86 million yen (down 30.3%).

- Manufacturing Equipment

As for this segment, though products of the "Electronic Material Manufacturing Equipment" including silicon wafer manufacturing equipment did well in general, the performance of the entire segment fell far short of that of the same term last year with the "LSI Manufacturing Equipment," the "FPD Manufacturing Equipment," and the "Energy Device Manufacturing Equipment" affected by the tendency of restrained facility investments continuing under the impact of an increasing sense of uncertainty based on the slowdown in economic growth of China and other newly emerging nations.

Consequently, net sales of this segment totaled 1,616 million yen (down 54.4% from the same term last year) with a segmental (operating) loss of 35 million yen (130 million yen profit in the same term last year).

- Domestic Subsidiaries

In this segment, Daito Denso Co., Ltd., which is engaged in the electronic equipment and component business, remained steady including the transferred power supply manufacturing business, though affected by the sluggish production activities of industrial machinery/facility manufacturers, etc., while Daitron Technology Co., Ltd. was in great difficulty, the semiconductor and optical device manufacturing equipment business significantly affected by restrained facility investments, with all the solid performance in the high functional connector business dealing with underwater connectors, etc. and the transferred electronic material manufacturing equipment business.

Consequently, net sales of this segment totaled 560 million yen (down 2.7% from the same term last year) with a segmental (operating) loss of 62 million yen (44 million yen profit in the same term last year).

- Overseas Subsidiaries

This segment was in very harsh conditions due to the stagnant European economies, reduction in facility investments and production in Asia as well as the lowered profitability resulting from the intensified price competition. However, as the earnings from railroad vehicle harnesses of Daitron Inc., which operates for the North American market, improved significantly, and the image equipment of Daitron (Korea) Co., Ltd., which operates for the Korean and other East Asian markets, also improved the performance, they contributed greatly to the results of this segment, and therefore the performance of the entire segment exceeded that of the same term last year.

Consequently, net sales of this segment totaled 1,009 million yen (up 51.0% from the same term last year) with a segmental (operating) profit of 10 million yen (23 million loss in the same term last year).

(2) Qualitative information on consolidated financial conditions

(Assets)

Current assets at the end of this quarter amounted to 19,943 million yen (up 1,688 million yen from the previous fiscal-end) primarily due to the increases in cash and deposits by 548 million yen, notes and accounts receivable by 363 million yen, and work in process by 107 million yen respectively, as well as the decrease in cash and deposits by 465 million yen. Fixed assets amounted to 5,401 million yen (up 34 million yen), as a result of the 38 million yen decrease in tangible fixed assets and the 28 million yen decrease in intangible fixed assets, and the increase in investments and other assets by 101 million yen.

Consequently, the total assets stood at 25,345 million yen, up 1,722 million yen from the end of the previous

fiscal year.

(Liabilities)

Current liabilities at the end of this quarter amounted to 10,901 million yen (up 1,840 million yen from the previous fiscal-end), primarily due to the increases in notes and accounts payable by 751 million yen and in short-term loans payable by 805 million yen, respectively, as well as the 590 million yen decrease in other current liabilities. Fixed liabilities amounted to 2,885 million yen (down 150 million yen), primarily due to the 80 million yen decrease in long-term loans payable.

Consequently, the total liabilities stood at 13,787 million yen, up 1,689 million yen from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of this quarter amounted to 11,558 million yen (up 33 million yen from the previous fiscal-end), primarily due to the increase in difference from evaluation of other investment securities by 118 million yen.

Consequently, the shareholders' equity ratio stood at 45.6%, down 3.2 point from the end of the previous fiscal year.

(3) Qualitative information on forecasted consolidated operating results

As for the forecasts of the consolidated operating results, there has been no change from those contained in the Financial Report for the 12-month Period Ended December 31, 2012 announced on February 7, 2013.

2. Matters regarding summary information (Notes)

(1) Change in significant subsidiaries during the quarter: N.A.

(2) Application of accounting procedures especially applicable to preparation of quarterly consolidated financial statements: N.A.

(3) Change in accounting principles and estimates, and revised and restatements:

(Change in accounting principles difficult to distinguish from changes in accounting estimates)

As from this first quarter, under the revision of the Corporation Tax Act, the Company and its domestic subsidiaries applied the depreciation method based in the Corporation Tax Act after revision for tangible fixed assets acquired on or after January 1, 2013).

### 3. Quarterly Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Unit: thousand yen)

|   | Previous FY<br>(at December 31, 2012) | Current quarter<br>(at March 31, 2013) |
|---|---------------------------------------|--|
| Assets                                  |                                       |  |
| Current assets                          |                                       |  |
| Cash and deposits                       | 5,748,734                             | 6,296,806                              |
| Notes and accounts receivable - Trade   | 9,034,816                             | 9,398,788                              |
| Electronically recorded monetary claims | 487,616                               | 541,301                                |
| Goods and products                      | 1,325,278                             | 1,562,732                              |
| Work in process                         | 918,933                               | 1,165,516                              |
| Raw materials                           | 170,172                               | 169,026                                |
| Other current assets                    | 600,144                               | 839,826                                |
| Allowance for doubtful accounts         | (30,269)                              | (30,346)                               |
| Total current assets                    | 18,255,427                            | 19,943,651                             |
| Fixed assets                            |                                       |  |
| Tangible fixed assets                   | 3,549,686                             | 3,511,454                              |
| Intangible fixed assets                 | 263,460                               | 234,882                                |
| Investments and other assets            |                                       |  |
| Other investments and other assets      | 1,562,221                             | 1,663,508                              |
| Allowance for doubtful accounts         | (8,105)                               | (8,031)                                |
| Total investments and other assets      | 1,554,115                             | 1,655,476                              |
| Total fixed assets                      | 5,367,262                             | 5,401,813                              |
| Total assets                            | 23,622,689                            | 25,345,464                             |

|   | Previous FY<br>(at December 31, 2012) | Current quarter<br>(at March 31, 2013) |
|---|---------------------------------------|--|
| <b>Liabilities</b>  |                                       |  |
| Current liabilities                                       |                                       |  |
| Notes and accounts payable - trade                        | 7,367,894                             | 8,119,109                              |
| Short-term loans payable                                  | —                                     | 805,000                                |
| Long-term loans payable due within one year               | 322,680                               | 322,680                                |
| Accrued Income taxes, etc.                                | 245,128                               | 61,998                                 |
| Allowance for bonuses                                     | 21,293                                | 213,658                                |
| Other allowances  | 44,639                                | 52,412                                 |
| Other current liabilities                                 | 1,059,170                             | 1,326,417                              |
| Total current liabilities                                 | 9,060,806                             | 10,901,276                             |
| Fixed liabilities   |                                       |  |
| Long-term loans payable                                   | 1,039,970                             | 959,300                                |
| Allowance for employees' retirement benefits              | 1,643,721                             | 1,647,334                              |
| Asset retirement obligation                               | 45,458                                | 45,636                                 |
| Other fixed liabilities                                   | 307, 516                              | 233,574                                |
| Total fixed liabilities                                   | 3,036,667                             | 2,885,844                              |
| Total liabilities   | 12,097,473                            | 13,787,120                             |
| <b>Net assets</b>   |                                       |  |
| Shareholders' equity                                      |                                       |  |
| Common stock  | 2,200,708                             | 2,200,708                              |
| Capital surplus   | 2,482,896                             | 2,482,896                              |
| Retained earnings   | 6,879,879                             | 6,807,218                              |
| Treasury stock  | (1,009)                               | (19,313)                               |
| Total shareholders' equity                                | 11,562,475                            | 11,471,510                             |
| Accumulated other comprehensive income                    |                                       |  |
| Difference from evaluation of other investment securities | 96,123                                | 214,901                                |
| Deferred gains or losses on hedges                        | 718                                   | (5,661)                                |
| Foreign currency translation adjustments                  | (137,466)                             | (125,772)                              |
| Total accumulated other comprehensive income              | (40,625)                              | 83,467                                 |
| Minority interests  | 3,366                                 | 3,366                                  |
| Total net assets  | 11,525,216                            | 11,558,344                             |
| Total liabilities and net assets                          | 23,622,689                            | 25,345,464                             |

## (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Consolidated Statement of Income)

(Unit: thousand yen)

|   | 3 months Ended<br>March 31, 2012 | 3 months Ended<br>March 31, 2013 |
|---|----------------------------------|----------------------------------|
| Net sales   | 10,094,806                       | 8,433,056                        |
| Cost of sales   | 7,990,684                        | 6,646,918                        |
| Gross profit  | 2,104,122                        | 1,786,138                        |
| Selling, general and administrative expenses                        | 1,948,042                        | 1,795,579                        |
| Operating income  | 156,079                          | (9,441)                          |
| Non-operating income  |                                  |                                  |
| Interest income   | 2,840                            | 2,790                            |
| Dividend income   | 578                              | 704                              |
| Foreign exchange profit   | 38,287                           | 26,064                           |
| Other non-operating income  | 20,096                           | 28,594                           |
| Total non-operating income  | 61,803                           | 58,154                           |
| Non-operating expenses  |                                  |                                  |
| Interest expense  | 12,375                           | 10,112                           |
| Loss on sale of trade notes   | 1,438                            | 1,514                            |
| Other non-operating losses  | 7,512                            | 4,819                            |
| Total non-operating expenses  | 21,326                           | 16,446                           |
| Ordinary income   | 196,556                          | 32,266                           |
| Extraordinary income  |                                  |                                  |
| Gain on sale of fixed assets  | 2,023                            | 98                               |
| Reversal of allowance for doubtful debts                            | —                                | 421                              |
| Total extraordinary income  | 2,023                            | 520                              |
| Extraordinary losses  |                                  |                                  |
| Loss on sale and retirement of fixed assets                         | 254                              | 283                              |
| Total extraordinary losses  | 254                              | 283                              |
| Net income before taxes and adjustments                             | 198,325                          | 32,502                           |
| Income, inhabitants and enterprise taxes                            | 168,304                          | 65,766                           |
| Income taxes-deferred   | (86,955)                         | (72,152)                         |
| Total income taxes  | 81,349                           | (6,385)                          |
| Net income before minority shareholders profit and loss adjustments | 116,976                          | 38,888                           |
| Net income  | 116,976                          | 38,888                           |

(Consolidated Statement of Comprehensive Income)

(Unit: thousand yen)

|   | 3 months Ended<br>March 31, 2012 | 3 months Ended<br>March 31, 2013 |
|---|----------------------------------|----------------------------------|
| Net income before minority shareholders profit and loss adjustments | 116,976                          | 38,888                           |
| Accumulated other comprehensive income                              |                                  |                                  |
| Difference from evaluation of other investment securities           | 84,544                           | 118,778                          |
| Deferred gains or losses on hedges                                  | (3,267)                          | (6,380)                          |
| Foreign currency translation adjustments                            | 25,947                           | 11,693                           |
| Total accumulated other comprehensive income                        | 107,224                          | 124,092                          |
| Quarterly comprehensive income                                      | 224,200                          | 162,980                          |
| (Breakdown)   |                                  |                                  |
| Quarterly comprehensive income pertaining to parent's shareholders  | 224,200                          | 162,980                          |
| Quarterly comprehensive income pertaining to minority shareholders  | —                                | —                                |

(3) Notes regarding the premise of a going concern: N.A.

(4) Notes for significant change in the amount of shareholders' equity: N.A.

(5) Segment Information, etc.

**[3 months Ended March 31, 2012]**

a. Information on the amounts of net sales and income/(loss) by report segment

(Unit: thousand yen)

|                                     | Report Segment                    |                         |                       |                       |            |
|-------------------------------------|-----------------------------------|-------------------------|-----------------------|-----------------------|------------|
|                                     | Electronic Equipment & Components | Manufacturing Equipment | Domestic Subsidiaries | Overseas Subsidiaries | Total      |
| <b>Net sales</b>                    |                                   |                         |                       |                       |            |
| - Sales to outside customers        | 5,301,419                         | 3,548,892               | 575,945               | 668,549               | 10,094,806 |
| - Inter-segmental sales or transfer | 275,742                           | 17,478                  | 859,176               | 42,459                | 1,194,857  |
| <b>Total</b>                        | 5,577,162                         | 3,566,370               | 1,435,122             | 711,009               | 11,289,664 |
| <b>Segment income/(loss)</b>        | 124,092                           | 130,584                 | 44,350                | (23,717)              | 275,310    |

|                                     | Adjustment (*1) | Amount on Consolidated Financial Statements (*2) |
|-------------------------------------|-----------------|--|
| <b>Net sales</b>                    |                 |  |
| - Sales to outside customers        | —               | 10,094,806                                       |
| - Inter-segmental sales or transfer | (1,194,857)     | —  |
| <b>Total</b>                        | (1,194,857)     | 10,094,806                                       |
| <b>Segment income/(loss)</b>        | (119,230)       | 156,079  |

(Notes) 1. Adjustment in Segment income/(loss) of (119,230) thousand yen includes the inter-segmental transaction elimination of 16,501 thousand yen and Corporate allocation not allocated to each Report Segment of (135,732) thousand yen. The main portion of Corporate allocation is Selling, general and administrative expenses not attributable to Report Segments.

2. Adjustments are made in the difference between Segment income/(loss) and Operating income/(loss) on the quarterly Consolidated Statement of Income.

b. Information on Impairment loss on fixed assets or Goodwill, etc. by Report Segment: N.A.

**[3 months Ended March 31, 2013]**

a. Information on the amounts of net sales and income/(loss) by report segment

(Unit: thousand yen)

|                                     | Report Segment                    |                         |                       |                       |                   |
|-------------------------------------|-----------------------------------|-------------------------|-----------------------|-----------------------|-------------------|
|                                     | Electronic Equipment & Components | Manufacturing Equipment | Domestic Subsidiaries | Overseas Subsidiaries | Total             |
| <b>Net sales</b>                    |                                   |                         |                       |                       |                   |
| - Sales to outside customers        | 5,246,235                         | 1,616,619               | 560,447               | 1,009,754             | 8,433,056         |
| - Inter-segmental sales or transfer | 300,860                           | 364,179                 | 964,972               | 12,779                | 1,642,792         |
| <b>Total</b>                        | <b>5,547,096</b>                  | <b>1,980,798</b>        | <b>1,525,419</b>      | <b>1,022,534</b>      | <b>10,075,849</b> |
| <b>Segment income/(loss)</b>        | <b>86,467</b>                     | <b>(35,294)</b>         | <b>(62,830)</b>       | <b>10,184</b>         | <b>(1,473)</b>    |

|                                     | Adjustment (*1)    | Amount on Consolidated Financial Statements (*2) |
|-------------------------------------|--------------------|--|
| <b>Net sales</b>                    |                    |  |
| - Sales to outside customers        | —                  | 8,433,056  |
| - Inter-segmental sales or transfer | (1,642,792)        | —  |
| <b>Total</b>                        | <b>(1,642,792)</b> | <b>8,433,056</b>                                 |
| <b>Segment income/(loss)</b>        | <b>(7,967)</b>     | <b>(9,441)</b>                                   |

(Notes) 1. Adjustment in Segment income/(loss) of (7,967) thousand yen includes the inter-segmental transaction elimination of 25,623 thousand yen and Corporate allocation not allocated to each Report Segment of (33,591) thousand yen. The main portion of Corporate allocation is Selling, general and administrative expenses not attributable to Report Segments.

2. Adjustments are made in the difference between Segment income/(loss) and Operating income/(loss) on the quarterly Consolidated Statement of Income.

b. Matters regarding changes in Report Segments, etc.

Daito Electron Co., Ltd. (the Company) transferred as of January 1, 2013, (i) its EM Business Dept., which had engaged in the manufacture of the Company's electronic material manufacturing equipment, to one of its domestic subsidiaries Daitron Technology Co., Ltd., and (ii) the Power Supply Business Dept., which had engaged in the manufacture of electronic equipment and components (power supply equipment), to another domestic subsidiary Daito Denso Co., Ltd.

With these transfers, the Report Segments of the two departments are changed: the EM Business Dept., which was included in "Manufacturing Equipment," and that of the Power Supply Business Dept., which was included in "Electronic Equipment and Components," are both included in "Domestic Subsidiaries" as from the current quarter.

The segment information for this first quarter disclosed herein is prepared based on the new Report Segments after the above business transfers, respectively.

c. Information on Impairment loss on fixed assets or Goodwill, etc. by Report Segment: N.A.