February 6, 2014

Financial Report for the 12-month period ended December 31, 2013 (Consolidated)

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/
Representative:	Isayuki Mae, President
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Scheduled date of General Shareholders Meeting: March 28, 2014
Scheduled date of starting dividend payment: March 31, 2014
Scheduled date of submitting financial statement: March 31, 2014
Support explanatory material for settlement: Prepared
Explanatory meeting for settlement: Held (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year 2013 (January 1, 2013 to December 31, 2013)

(1) Operating Results

(Percent figures are the year-on-year rates.)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Fiscal 2013	34,899	(3.2)	138	(59.9)	252	(45.9)
Fiscal 2012	36,067	(11.1)	345	(62.2)	466	(47.8)

	Net income		Net income per share	Full diluted net income per share
	Million yen	%	Yen	Yen
Fiscal 2013	(77)	—	(6.94)	—
Fiscal 2012	182	(72.0)	16.49	—

	Net income to shareholder's equity (%)	Ordinary income to total assets (%)	Ordinary income to net sales (%)
Fiscal 2013	(0.7)	1.1	0.4
Fiscal 2012	1.6	1.8	1.0

(Reference) Income from affiliates: Fiscal 2013: - million yen Fiscal 2012: - million yen

(Note) 1. Full diluted net income per share in 2012 is not shown because there are no residual securities.
2. Full diluted net income per share in 2013 is not shown because it is net loss per share and there are no residual securities.

(2) Financial Standing

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
Fiscal 2013	23,766	11,630	48.9	1,047.04
Fiscal 2012	23,622	11,525	48.8	1,032.90

(Reference) Shareholder's equity: Fiscal 2013 11,627 million yen Fiscal 2012 11,521 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal 2013	288	(110)	(434)	5,581
Fiscal 2012	(762)	(218)	(652)	5,718

2. Dividend Payments

	Annual dividend				
	1Q end	2Q end	3Q end	fiscal end	FY total
	yen	yen	yen	yen	yen
FY2012	―	0.00	―	10.00	10.00
FY2013	―	0.00	―	5.00	5.00
FY2014 (forecast)	―	0.00	―	5.00	5.00

	Total amount	Payout ratio (consolidated)	Net worth dividend ratio (consolidated)
	Million yen	%	%
FY2012	111	60.6	1.0
FY2013	55	―	0.5
FY2013 (forecast)		92.6	

3. Forecasts of financial results for FY2014 (Consolidated : January 1, 2014 to December 31, 2014)

(Percent figures are the year-on-year rates.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q (accum.)	17,700	3.0	50	―	40	(20.3)	(90)	―	(8.10)
Full year	36,300	4.0	430	210.1	410	(62.3)	60	―	5.40

*** Notes**

(1) Transfer of major subsidiary (specific subsidiary whose transfer affects the scope of consolidation) during period: None

(2) Change in accounting policy or estimate, or restatement

① Change in accounting policy associated with amendments in accounting standards, etc: Changed
② Change in accounting policy other than above ①: None
③ Change in accounting estimate: Changed
④ Restatement: None

(Note) Article 14.7 (Cases where change in accounting policy is difficult to differentiate from changes in accounting estimate) of the Rules for Terms, Form, and Preparation Method of Consolidated Financial Statements. The details are provided in p.22 of Appendix "(5) Notes on Consolidated Financial Statements (Change in Accounting Policy)."

(3) Number of outstanding shares (common shares)

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

FY 2013 : 11,155,979 shares

FY 2012 : 11,155,979 shares

② Number of treasury shares at period end

FY 2013 : 51,170shares

FY 2012 : 1,119 shares

③ Average number of shares

FY 2013 : 11,110,035 shares

FY 2012 : 11,080,402 shares

(Reference) Outline of non-consolidated financial results

1. Financial results for the 12-month period ended Dec 31, 2013 (Jan. 1, 2013 to Dec. 31, 2013)

(1) Operating Results (non-consolidated)

(Percent figures are the year-on-year rates.)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
FY 2013	29,623	(6.4)	(74)		91	(81.6)
FY 2012	31,642	(12.9)	76	(90.1)	497	(36.1)

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
FY 2013	(47)		(4.30)	―
FY 2012	286	(52.8)	25.83	―

(Note) 1. Full diluted net income per share in 2012 is not shown because there are no residual securities.

2.Full diluted net income per share in 2013 is not shown because it is net loss per share and there are no residual securities.

(2) Financial Standing (non-consolidated)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2013	21,362	10,150	47.5	914.08
FY 2012	21,327	10,094	47.3	904.92

(Reference) Shareholders' equity:

FY 2013 : 10,150 million yen

FY 2012 : 10,094 million yen

* Representations on implementation status of audit procedures

This Financial Report is not subject to the audit procedures under the Financial Instruments and Exchange Act. The audit procedures for financial statements under the Financial Instruments and Exchange Act are not completed at the time of disclosure of this Financial Report.

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

[Note for statements concerning the future, etc.]

The business forecasts and any other statements concerning the future included in this Report are made based on certain information currently available to and judged reasonable by the Company, but not what the Company is committed to attaining. The actual results may differ greatly depending on various factors. For the conditions for the business forecasts and suggestions for the use of them, please refer to page 2 "Outlook for Next Period, (1) Analysis on operating results" under "1. Operating results and financial position" of the appendix.

[Method to obtain the support explanatory material for settlement and the contents of explanatory meeting for settlement]

The Company is scheduled to hold an explanatory meeting for institutional investors and analysts on February 13, 2014.

The material for settlement to be used in this meeting is scheduled to be put on the Company website as soon as possible after the meeting.

1. Operating results and financial position

(1) Analysis of operating results

(Operating results for the current year)

Though the Japanese economy during this year was on a recovery trend in the expectations on and from the effects of the government's economic stimulus measures and the monetary policies by the Bank of Japan, a sense of uncertainty over the economy still continued due to deceleration of the world economy with the European debt crisis issue protracted and the growth of China and other newly emerging nations slowing down.

In our electronics industry, demand in part of the markets such as auto-related, smartphones and tablet terminals was picking up, while in the industrial machinery and equipment markets, corporate facility investments did not attain the full-scale recovery and the business condition remained harsh in general.

Under these circumstances, the Group joined together to work to enhance and expand its original products and further strengthen and promote global operations, to cap off the 7th Three-Year Management Plan (2011-13).

As for performance, greatly affected by delayed full-scale recovery of businesses in the industrial machinery and equipment markets, especially in manufacturing equipment, the circumstances remained harsh. In part of electronic equipment and components, a recovery trend was beginning to be seen but did not lead to improved performance, and especially in profit, the results fell far below the previous year's, with all efforts including the further cost reducing measures.

Consequently, the Group obtained the following results in the current year: net sales 34,899 million yen (down 3.2% over the same term last year); operating income 138 million yen (down 59.9%); ordinary income 252 million yen (down 45.9%); and net loss 77 million yen (182 million yen of net income in the previous year).

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 as from the first quarter: the EM Business Dept., from "Manufacturing Equipment," and the Power Supply Business Dept., from "Electronic Equipment and Components," both to "Domestic Subsidiaries."

Segmental year-on-year comparisons are made with figures of the year-earlier period reclassified into new Report Segments, respectively.

- Electronic Equipment and Components

As for this segment, under the impacts of corporate production and inventory adjustments in industrial machinery and equipment, which is the main market of this segment, switching power supplies and uninterruptible power supplies of the "Power Supply Equipment" and CCD cameras

and peripheral equipment, etc. of the "Image-Related Equipment and Parts" remained strong enough to lead the segment’s performance, while connectors and harnesses of the "Electronic Components & Assembly Products," which is a focus line, and other product lines including those of “Semiconductors," the profit of the entire segment fell below that of the previous year due to the declined profit margins affected by intensified price competitiveness, despite the increased sales.
Consequently, net sales of this segment totaled 22,171 million yen (up 7.4% over the same term last year) with a segmental (operating) income of 204 million yen (down 51.8%).

- Manufacturing Equipment

In this segment, facility investments have been continuously restrained affected by a rising sense of uncertainty about the future due to European financial insecurity and the slowdown of economic growth of China and other newly emerging nations. The domestic market was also in very difficult circumstances due to continuingly slow demand for facility investments in industrial machinery and equipment, and the performance fell well short of the same term in the previous year.
Consequently, net sales of this segment totaled 6,446 million yen (down 34.2% over the same term last year) with a segmental (operating) loss of 149 million yen (17 million yen loss 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 showed a steady performance with all the influences of sluggish production activities of industrial machinery and equipment manufacturer, etc., while the environment of Daitron Technology Co., Ltd., which is engaged in manufacturing equipment business, remained very severe due to continuingly restrained facility investments.
Consequently, net sales of this segment totaled 2,242 million yen (down 16.2% over the same term last year) with a segmental (operating) income of 55 million yen (down 86.2%).

- Overseas Subsidiaries

As for this segment, the business was very harsh because of the sluggish economy due to economic instability in Europe, reduced facility investments in Asia, and sagging profit margins due to intensified price competition. Under such circumstances, however, the performance of the entire segment greatly exceeded that of the previous year thanks to the strong railcar harness business of Daitron Inc., which operates for the North American market, and the considerably improved earnings in the image related equipment business of Daitron (Korea) Co., Ltd., which operates for the Korean and other East-Asian market.
Consequently, net sales of this segment totaled 4,039 million yen (up 36.9% over the same term last year) with a segmental (operating) income of 94 million yen (40 million yen loss in the same term last year).

(Outlook for Next Period)

The Japanese economy is expected to head for a gradual recovery due to a pickup in imports buoyed by the recovered US economy as well as the weakening yen and rising stock prices based on monetary easing by the Bank of Japan. On the other hand, overseas business environments are expected to continue severe with downward swing risks remaining such as stagnation in newly emerging nations markets and European financial issues.

In our electronics industry as well, it is anticipated that this harsh business condition will continue for a while, considering the economic environments as stated above.

Under these circumstances, we expect our Group's full-year performance as follows: net sales 36,300 million yen; operating income 430 million yen; ordinary income 410 million yen; and net income 60 million yen.

Please note that all the estimates and statements with respect to the future outlook above are forward-looking statements that reflect our views based on currently available information and that actual results may differ materially depending on various factors that may arise in the future.

(2) Analysis on financial position

a) Assets, liabilities, and net assets

(Assets)

Current assets at the end of this period amounted to 18,491 million yen (236 million yen up from the previous fiscal-end) mainly due to the increases of electronically recorded monetary claims by 457 million yen and other current assets by 115 million yen. Fixed assets stood at 5,274 million yen (down 92 million yen) due to the decreases in tangible fixed assets by 216 million yen and intangible fixed assets by 116 million yen, and an increase in investments and other assets by 240 million yen.

Consequently, total assets amounted to 23,766 million yen, 143 million yen up from the end of the previous fiscal year.

(Liabilities)

Current liabilities stood at 10,113 million yen (up 1,052 million yen from the previous fiscal-end) mainly due to the increases in long-term loans payable due within one year by 717 million yen and trade notes and accounts payable by 275 million yen, respectively. Fixed liabilities stood at 2,021 million yen (down 1,014 million yen), mainly due to a decrease in long-term loans payable by 1,039 million yen and an increase in allowance for employees' retirement benefits by 129 million yen.

Consequently, total liabilities amounted to 12,135 million yen, 38 million yen up from the end of the previous fiscal year.

(Net Assets)

Total net assets at the end of this period amounted to 11,630 million yen (105 million yen up from the previous fiscal-end) mainly due to an increase in difference from evaluation of other investment securities by 234 million yen.

Consequently, shareholders' equity ratio stood at 48.9%, up 0.1 point from the end of the previous fiscal-end.

b) Cash flow

The balance of cash and cash equivalents at the end of this period (hereinafter called "Fund") stood at 5,581 million yen, down 137 million yen from the previous fiscal-end.

The status of each cash flow during this period and their factors are as follows:

(Cash flows from operating activities)

The Fund increased 288 million yen (762 million yen decrease in the same term last year) as a result of operating activities: the major increasing factors are net income before taxes and adjustments of 235 million yen and depreciation and amortization of 414 million yen, and the decreasing factors are income tax and other taxes paid of 307 million yen.

(Cash flows from investing activities)

The Fund decreased 110 million yen (218 million yen decrease in the same term last year) as a result of investing activities: the major decreasing factor is acquisition of tangible fixed assets of 85 million yen.

(Cash flows from financing activities)

The Fund decreased 434 million yen (652 million yen decrease in the same term last year) as a result of financing activities: the major decreasing factors are repayments of long-term loans payable of 322million yen and dividends paid of 111 million yen.

(Reference) Change in cash flow indicators

	FY2009	FY2010	FY2011	FY2012	FY2013
Shareholders' Equity Ratio (%)	43.3	39.4	41.4	48.8	48.9
Market-value Shareholders' Equity (%)	19.6	26.6	17.0	16.4	18.2
Ratio of Cash Flow to Interest-Bearing Debts (years)	8.2	1.1	1.0	—	4.6
Interest Coverage Ratio (times)	10.9	35.4	40.5	—	7.1

(Notes) Shareholders' Equity Ratio : Shareholders' Equity/Total Assets

Market-value Shareholders' Equity : Market Capitalization/Total Assets

Ratio of Cash Flow to Interest-Bearing Debts : Interest-Bearing Debt/Cash Flow

Interest Coverage Ratio : Cash Flow/Interest Payments

1. All the data above are determined on the consolidated basis.
2. Market Capitalization is determined on the number of outstanding shares excluding treasury stocks.
3. The Cash Flow from Operating Income is used. The Interest-Bearing Debt includes all the liabilities with interest listed on the balance sheet.
4. The Ratio of Cash Flow to Interest-Bearing Debt and the Interest Coverage Ratio for FY 2012 are not shown because the Cash Flow from Operating Income was negative.

(3) Basic Policy on Profit Appropriation and Dividend Payments for Current and Following Periods

Since the Group looks on profit returning to shareholders as one of the most important management challenges, its basic policy for dividend payment is to pay out continued stable dividends paying attention to reinforcement of financial footing and internal reserves in addition to business performance. The target payout ratio is roughly set at 20% on a consolidated basis in comprehensive consideration of the business performance for each period, financial standing, future business strategies, etc.

With respect to retained earnings, our intention is to make aggressive use of them for reinforcing the financial footing for a more stabilized management base as well as implementing measures toward the future business expansion.

For this period, we plan to pay out 5 yen of common year-end per-share dividend, as previously announced.

Our forecast for FY2014 performance is as shown in "Outlook for Next Period, (1) Analysis on operating results" under "1. Operating results and financial position" with a plan of a year-end common dividend of 5 yen per share.

(4) Risks in Business Operations

Though there was no risk in business operations which newly arose during the current period after the most recent quarterly report and financial statements, listed below are the possible main risk factors and the other important matters concerning our Group's business operations. The Company, recognizing well enough the possibilities of the occurrence of these risks, will try its best to avoid it and respond properly to such risks once any occurred, but also considers it necessary that decisions of investing concerning our Company's stock be made after a deliberate examination of the items listed under this heading as well as all the other contents in this Report. Please note that the items below don't cover all the possibilities of risks relating to an investment in our Company's stock and that the comments included under this heading mentioning the future are as of the date this Report is issued.

① Effects concerning implementing management strategies:

The Group is actively investing in building up the structure for expanding new businesses coming out ahead in the field of industrial electronics as well as partnerships with other companies including joint investments in a wide range of areas such as research and development, manufacture, and marketing, aiming to be a highly profitable company. In investments of this kind, some operations may have to be carried out even with a certain degree of risks if future growth potential can be expected, and the existence of new competitors, increased amount of investments in development, delay in development, or a sudden change in the market, etc. may cause a disagreement with a partner regarding fund-raising, technical management, product development, or management strategies. In case this discrepancy is too big for the Company to maintain the partnership and the management plan in the relevant business is obliged to change, the investments which have been made in it up to that point of time may affect the Group's operating results and financial position.

② Effects concerning intellectual property rights:

The Group pays special attention to the protection of the technologies in products and equipment it manufactures and markets, and especially in the attribution of patent rights, trademarks and brands, has implemented such measures as will protect the Company's interests. If there should be a lawsuit over such rights with a third party at home or abroad, however, it may affect the Group's operating results and financial position.

③ Responding to customers' overseas bases and country risks:

The Group has established local subsidiaries and branches in the US, Malaysia, China (Shanghai and Hong Kong), Taiwan, South Korea, and Thailand to deal with the overseas production bases of some of its main customers moved away from home. These offices may be closed or withdrawn in case of: (1) the Group's failure to establish promptly an alternate suitable sales structure upon changes in these customers' production and/or procurement policies; (2) a sudden change in the political or economical circumstances, unexpected alteration in legislation or the tax system, or difficulty in employment and rapid rise in labor costs; or (3) the manifestation of any thread to its local staff and their families in an area where such production base is located because of any social confusion such as terrorism or war, etc. These cases may affect the Group's operating results and financial position.

④ Exchange rate fluctuations and business practice involved in overseas transactions:

The ratio of the Group's overseas sales is tall because it has been actively expanding its global presence. In export/import, the Group seeks to hedge exchange risks by means of forward exchange contracts, etc. at the receipt of orders. Nevertheless, price movements through sudden exchange rate fluctuations may affect the Group's operating results and financial position. In addition, it is a common practice in transactions with foreign companies that payments are delayed, which may cause a problem in securing the collection of receivables in due course though the Group has implemented many different measures to avoid such a situation. In that case, too, it may affect the Group's operating results and financial position.

⑤ Quality control, product liability, and warranty

The Group carries a wide variety of products from electronic equipment and components to manufacturing equipment paying due attention to quality control in both the distribution process from purchase to shipment and the manufacturing process from development to manufacture with ISO9001 quality control management system introduced. However, it is possible that some trouble such as a malfunction or failure in manufacturing equipment, electronic equipment or components may come up and cause a problem to customers' production line resulting in a loss upon them. To date, the Company has never been filed a lawsuit against with regard to product liability or warranty, but if such a situation should arise, it may affect the Group's operating results and financial position due to lowered reliability of its products or a damage claim.

⑥ Dealing contract:

The Group may take responsibilities for recall compensation, confidentiality, legal compliance, and management of environmentally damaging substances in a basic dealing agreement for stable and continuous business transactions. It has implemented special measures to ask its suppliers, with greatest care, to make a similar agreement, too, including these responsibilities as necessary, but in case it should incur liability for damages, it may affect the Group's performance. Additionally, in individual dealings, there are cases where the Group, for the purpose of maintaining and expanding its business opportunities as a trader, makes arrangements for part of goods in preparation for requests from customers to deliver products on shorter lead times, but in case of failing to sell out such goods because of an adverse market climate or obsolescence due to technological innovations, such residual inventories may affect the Group's operating results and financial position.

⑦ Influences of market fluctuation:

Our electronics markets, above all those of semiconductors, flat panel displays, and optical devices, are expected to continue to grow further as they are key devices in the development of IT/digital appliances moving forward. However, since our main customers also belong to this industry, a market shrink due to adjustments of demand/supply gap or a decrease in capital investments with sudden deterioration in domestic/ overseas economy may significantly affect the Group's operating results and financial position.

⑧ Maintaining marketing rights:

The Group acts as an agent for not only domestic but also overseas advanced manufacturers, providing cutting-edge products for many companies both at home and overseas. It strives to ensure their long-lasting stability while extending its marketing rights by acquiring new agency, but in case such an agency contract dissolves as a result of supplying manufacturer's M&A or changes in sales policy, etc., it may affect the Group's operating results and financial position.

⑨ Restrictions regarding the Foreign Exchange and Foreign Trade Control Law:

Exporting such products as electronic equipment and components and manufacturing equipment that the Group deals in, as well as certain technologies relating to manufacturing equipment, requires permission of the Minister of Economy, Trade and Industry under the Foreign Exchange and Foreign Trade Control Law. The Company has established its regulations regarding security export control to ensure thorough control, but in the event that a criminal penalty should be imposed as a result of violation of any of these, it may affect the Group's operating results and financial position. Moreover, a revision of the Foreign Exchange and Foreign Trade Control Law or other laws or regulations may also affect the Group's operating results and financial position because the applicable scopes may be changed.

⑩ Impact of natural disasters, etc.:

The Group has been working on necessary measures for safety and business continuity and early recovery as preparation for possible natural disasters such as big earthquakes including Tokai and Tonankai earthquakes, typhoons, and floods, as well as fires or infectious diseases including a bird flu and other new types of flu. However, since the Group and many of its customers and suppliers operate globally, not only in Japan, it is difficult to completely avoid all the risks on the occurrence of natural disasters, fires, infectious diseases, etc., and if such event should occur on an unexpected scale, it may affect the Group's operating results and financial position because in such cases business activities such as sales and production may be shrunk.

2. Outline of Daitron Corporate Group

Our corporate group, consisting of Daito Electron Co., Ltd. ("the Company") and 11 consolidated subsidiaries (of which seven are located overseas), is mainly engaged in the sale, manufacture, and import/export of electronic equipment and components (such as electronic parts and assembly products, semiconductors, embedded systems/boards, power-supply equipment, image-related equipment and parts, information systems, and other electronic equipment and components), manufacturing equipment (for optical devices, LSI's, flat panel displays, electronic materials, and energy devices), and other electronics products.

(1) Daito Electron Co., Ltd.:

The Company purchases abovementioned electronic equipment/components and manufacturing equipment from its suppliers and affiliates, and sells them to its domestic and foreign customers and subsidiaries.

(2) Domestic affiliates:

The Company has four domestic consolidated subsidiaries, of which the following companies take a major role.

Daitron Technology Co., Ltd. engages in development, manufacture, and sales of manufacturing equipment for optical devices, flat panel displays, and electronic materials, etc.

Daito Denso Co., Ltd. engages in design, fabrication, and sales of electronic equipment and components, including image-related ones and power supply equipment.

Takawa Industry Co., Ltd. engages in manufacturing and assembly of electronic equipment and components such as cable harnesses.

As of July 1, 2013, the Group transferred from Daitron Technology Co., Ltd. and integrated into Daito Denso Co., Ltd., the development, manufacture, and sales businesses for underwater connectors, the glass hermetic connectors and hermetic terminals, for the purpose of maximizing the synergy between the two companies through consolidated control and reallocated management resources by clearly dividing and concentrating the respective functions of the manufacturing equipment business and the electronic equipment and component business.

(3) Overseas Affiliates:

The Company has seven consolidated subsidiaries overseas.

Daitron Inc. engages in manufacture, sales, and import/export of electronic equipment and components, and sales and import/export of manufacturing equipment for electronic materials, etc. for the North American market.

Daitron (Malaysia) Sdn. Bhd. engages in sales and import/export of electronic equipment and components as well as manufacturing equipment for electronic materials, flat panel displays, etc., for the Malaysian and other Southeast Asian markets.

Daitron (H.K.) Co., Ltd. engages in sales, procurement, and import/export of electronic equipment and components, etc. for the Hong Kong and South Chinese markets.

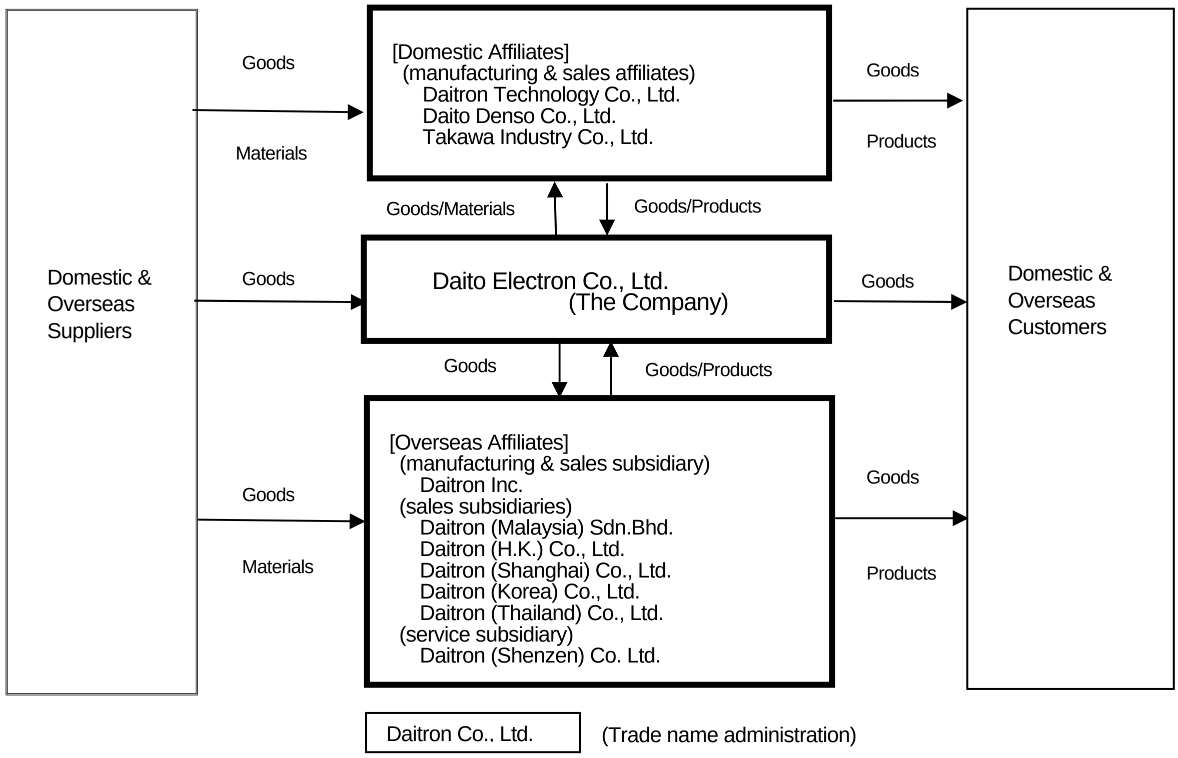
Daitron (Shanghai) Co., Ltd. engages in sales and import/export of electronic equipment and components as well as manufacturing equipment for optical devices, flat panel displays, etc. for the Chinese market.

Daitron (Korea) Co., Ltd. engages in sales, procurement, and import/export of electronic equipment and components for the Korean and other East Asian markets.

Daitron (Thailand) Co., Ltd. engages in sales and import/export of electronic equipment and components as well as manufacturing equipment for electronic materials, flat panel displays, etc. for the Thai and other Southeast Asian markets.

Daitron (Shenzhen) Co., Ltd. engages in consulting services concerning sales of electronic equipment and components, etc. for the South China market.

The chart below shows the flow of our businesses.



3. Management Policy

(1) Basic Management Policy

The Group has, in addition to the "Daitron Spirits" stating its Foundation Spirit, Creed, and Management Philosophy, adopted a management policy based on the four viewpoints of shareholder satisfaction, customer satisfaction, supplier satisfaction, and employee satisfaction, as well as valuing legal compliance and contribution to society as our basic corporate attitude.

Additionally, it is also our basic policy to pursue "a line of a fully integrated manufacturing and sales unit" as an engineering trading company with the manufacturing function leading to more added value and improved profitability, on top of the marketing capabilities and the logistics function as a trading firm.

The Group will always take the lead ahead of the rest of the industry in predicting the trend of the changing business environment, and seek to maintain and further expand the growth line we have followed by providing products and services with high added value and cost competitiveness and capitalizing on its strengths of "Organization as a fully integrated manufacturing and sales unit," "Foresight and marketing ability of an engineering trading company," "Industry-leading logistics service," and "Trusted customer assets and a large number of accounts."

(2) Medium- and Long-term Management Strategies and Challenges to Address

The Group is currently faced with the three major challenges: (i) sluggish and shrinking domestic market; (ii) such voices as trading firms are not necessary any longer with EMS (contract design, manufacture, etc. services for electronic equipment) rising; (iii) intensifying cost competition due to the rise of companies in newly emerging Asian nations.

To stand against these challenges and create a new Daitron Group, the Group will promote the 8th Three-Year Management Plan for fiscal 2014-2016, succeeding to the basic policy of the 7th Three-Year Management Plan for fiscal 2011-2013.

In the 8th Three-Year Management Plan, under the slogan of "Shift from Quantity to Quality - Toward a highly profitable company in a global niche," the Company is going to promote operations aiming to be an "excellent company" that meets all its stakeholders' expectations with corporate value increased in the medium- and long-term.

The Group's future business strategies are: first, to seek speedier management to respond to rapid changes in business environments; and the second, to accelerate "business structure change" while judging properly how growing markets and shrinking ones are changing.

Especially as for the business structure change, for the purpose of establishing a constitution to secure stable earnings, we are aiming to lower the dependence, which is great now, on the semiconductor equipment related industry where silicon cycles getting shorter in recent years and securing stable earnings is very hard, by aggressively developing new businesses and advancing into new markets based on new business bases reorganized in the 7th Three-Year Management Plan as well as the newly established departments such as the Maintenance Service Department and the New Business Development.

Below are the four themes we are working on as future business strategies:

(i) Enhancement and expansion of original products: Pursuing its unique "integrated manufacturing and sales strategy," the Group is going to further enhance and expand its high-value added original products developed based on the proper understanding of customer needs, to improve customer satisfaction and the market presence of the "Daitron" brand.

(ii) Enhancement and expansion of overseas business: Based on the facts that the original brand power is becoming sufficient to expand business with overseas customers with original products of the Daitron brand beefed up, and that overseas sales network is extending throughout the world including North America and Europe, in addition to Asia, the Group is going to further accelerate overseas operations.

(iii) Cultivation and vertical development of existing markets and customers: The environments and needs of the Group's existing markets and customers, which constitute significant management foundations of what the Group is, are also changing gradually. We are going to cultivate and vertically develop business with them making full use of the seeds of technologies and the supplier network the Company has built up.

As efforts in "vertical development" of our existing markets and customers, we are focusing on specific areas related to PVs and FCs, power devices, high-brightness LEDs, power supplies and secondary cells, highly functional parts and assembly products, aiming to stably expand existing markets and customers.

(iv) Development of new markets and customers: The domestic business environment is greatly changing with changes in the structure of the electronics industry, rapid shrinkage in part of the markets, increased overseas transfers of production/development sectors. To secure profit in such changing circumstances, it is essential to develop new markets and customers. The Group is going, domestically, to seek to develop new markets and customers in such areas as LED lighting, uninterruptible power systems, photovoltaic power related systems, and explosion-proof/lightning protection products, while overseas, to create new business models according to the market environment of respective overseas locations.

The Group is going to work together on the abovementioned challenges by pursuing the "integrated manufacturing and sales strategy," its basic policy as an engineering trading company, aiming to be a highly profitable corporate group.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	at December 31, 2012	at December 31, 2013
Assets		
Current assets		
Cash and deposits	(*1) 5,748,734	(*1) 5,611,441
Notes and accounts receivable - Trade	(*2) 9,034,816	(*2) 9,009,210
Electronically recorded monetary claims	487,616	945,276
Goods and products	1,325,278	1,366,500
Work in process	918,933	743,521
Raw materials	170,172	222,179
Deferred tax assets	228,146	107,308
Other current assets	371,998	487,050
Allowance for doubtful accounts	(30,269)	(904)
Total current assets	18,255,427	18,491,584
Fixed assets		
Tangible fixed assets		
Buildings and structures	(*1) 3,674,177	(*1) 3,678,475
Accumulated depreciation	(2,298,963)	(2,409,276)
Buildings and structures - net	(*1) 1,375,214	(*1) 1,269,198
Machinery, equipment and vehicles	467,594	321,498
Accumulated depreciation	(388,271)	(268,625)
Machinery, equipment and vehicles - net	79,323	52,873
Land	(*1) 1,840,398	(*1) 1,840,398
Other tangible fixed assets	989,873	797,837
Accumulated depreciation	(735,123)	(627,330)
Other tangible fixed assets - net	254,749	170,507
Total tangible fixed assets	3,549,686	3,332,978
Intangible fixed assets		
Other intangible fixed assets	263,460	146,578
Total intangible fixed assets	263,460	146,578
Investments and other assets		
Investment securities	(*1) 715,049	(*1) 1,062,284
Long-term loans receivable from employees	2,548	2,148
Deferred tax assets	159,064	44,238
Other investments and other assets	685,558	722,453
Allowance for doubtful accounts	(8,105)	(36,163)
Total investments and other assets	1,554,115	1,794,961

Total fixed assets	5,367,262	5,274,518
Total assets	23,622,689	23,766,103

	at December 31, 2012	at December 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable - trade	(*2) 7,367,894	(*2) 7,642,959
Short-term loans payable	—	100,000
Long-term loans payable due within one year	(*1) 322,680	(*1) 1,039,970
Lease obligations	80,136	58,638
Accrued Income taxes, etc.	245,128	97,284
Allowance for bonuses	21,293	49,666
Allowance for product warranty	44,639	38,431
Advance received	362,438	456,595
Other current liabilities	616,595	630,227
Total current liabilities	9,060,806	10,113,772
Fixed liabilities		
Long-term loans payable	(*1) 1,039,970	—
Lease obligations	167,582	123,316
Deferred tax liability	—	10,146
Allowance for employees' retirement benefits	1,643,721	1,758,353
Asset retirement obligation	45,458	46,862
Other fixed liabilities	139,934	83,094
Total fixed liabilities	3,036,667	2,021,773
Total liabilities	12,097,473	12,135,546
Net assets		
Shareholders' equity		
Common stock	2,200,708	2,200,708
Capital surplus	2,482,896	2,482,896
Retained earnings	6,879,879	6,691,248
Treasury stock	(1,009)	(19,329)
Total shareholders' equity	11,562,475	11,355,523
Accumulated other comprehensive income		
Difference from evaluation of other investment securities	96,123	330,905
Deferred gains or losses on hedges	718	118
Foreign currency translation adjustments	(137,466)	(59,357)
Total accumulated other comprehensive income	(40,625)	271,667
Minority interests	3,366	3,366
Total net assets	11,525,216	11,630,556
Total liabilities and net assets	23,622,689	23,766,103

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

(Consolidated Statement of Income)

(Unit: thousand yen)

	12 months Ended December 31, 2012	12 months Ended December 31, 2013
Net sales	36,067,441	34,899,491
Cost of sales	28,168,798	27,428,519
Gross profit	7,898,643	7,470,972
Selling, general and administrative expenses		
Transfer to allowance for doubtful accounts	30,498	2,155
Salaries and bonuses	3,563,876	3,471,926
Transfer to allowance for bonuses	15,994	37,494
Retirement benefit expenses	222,785	251,932
Depreciation	296,354	328,022
Transfer to allowance for product warranty	6,546	—
Other selling, general and administrative expenses	(*1) 3,416,828	(*1) 3,240,773
Total selling, general and administrative expenses	7,552,885	7,332,303
Operating income	345,758	138,668
Non-operating income		
Interest income	7,049	6,679
Dividend income	13,720	15,454
Insurance dividend	9,665	10,806
Penalty income	80,380	—
Purchase discount	7,470	7,699
Foreign exchange profit	61,710	111,199
Other non-operating income	23,151	20,266
Total non-operating income	203,147	172,105
Non-operating expenses		
Interest expense	45,917	39,219
Loss on sale of trade notes	5,561	4,093
Sales discount	4,591	5,834
Valuation loss on derivatives	11,747	—
Other non-operating losses	14,154	8,952
Total non-operating expenses	81,972	58,099
Ordinary income	466,934	252,674
Extraordinary income		
Gain on sale of fixed assets	(*2) 2,130	(*2) 880
Gain on sale of investment securities	—	421
Total extraordinary income	2,130	1,301

	12 months Ended December 31, 2012	12 months Ended December 31, 2013
Extraordinary losses		
Loss on sale and retirement of fixed assets	(*3) 1,053	(*3) 12,060
Valuation loss on investment securities	3,407	—
Impairment loss	—	(*4) 5,974
Total extraordinary losses	4,461	18,034
Net income before taxes and adjustments	464,602	235,940
Income, inhabitants and enterprise taxes	337,369	160,013
Income taxes-deferred	(55,528)	153,010
Total income taxes	281,841	313,023
Net income (loss) before minority shareholders profit and loss adjustments	182,761	(77,082)
Net income (loss)	182,761	(77,082)
Other comprehensive income		
Difference from evaluation of other investment securities	116,556	234,782
Deferred gains or losses on hedges	(1,581)	(599)
Foreign currency translation adjustments	56,301	78,109
Total accumulated other comprehensive income	(*) 171,276	(*) 312,292
Comprehensive income	354,037	235,209
(breakdown)		
Comprehensive income pertaining to parent stock	354,037	235,209
Comprehensive income pertaining to minority shareholders	—	—

(3) Consolidated Statement of Changes in Shareholders' Equity and Others
(from Jan 1, 2012 to Dec 31, 2012)

(Unit: thousand Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	2,200,708	2,482,896	6,862,207	(76,492)	11,469,320
Changes during current period					
Surplus dividend			(165,089)		(165,089)
Net income (loss)			182,761		182,761
Purchase of treasury stock				(9)	(9)
Disposal of treasury stock				75,492	75,492
Changes during current period in items other than shareholders' equity -net					
Total changes during current period	–	–	17,671	75,483	93,154
Balance at end of current period	2,200,708	2,482,896	6,879,7879	(1,009)	11,562,475

	Accumulated other comprehensive income				Minority Interest	Total net assets
	Difference from evaluation of other investment securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Accumulated other comprehensive income		
Balance at beginning of current period	(20,432)	2,299	(193,768)	(211,901)	3,366	11,260,784
Changes during current period						
Surplus dividend						(165,089)
Net income (loss)						182,761
Purchase of treasury stock						(9)
Disposal of treasury stock						75,492
Changes during current period in items other than shareholders' equity -net	116,556	(1,581)	56,301	171,276		171,276
Total changes during current period	116,556	(1,581)	56,301	171,276	–	264,431
Balance at end of current period	96,123	718	(137,466)	(40,625)	3,366	11,525,216

(from January 1, 2013 to December 31, 2013)

(Unit: thousand Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	2,200,708	2,482,896	6,879,879	(1,009)	11,562,475
Changes during current period					
Surplus dividend			(111,548)		(111,548)
Net income (loss)			(77,082)		(77,082)
Purchase of treasury stock				(18,320)	(18,320)
Disposal of treasury stock				–	–
Changes during current period in items other than shareholders' equity -net					
Total changes during current period	–	–	(188,631)	(18,320)	(206,951)
Balance at end of current period	2,200,708	2,482,896	6,691,248	(19,329)	11,355,523

	Accumulated other comprehensive income				Minority Interest	Total net assets
	Difference from evaluation of other investment securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Accumulated other comprehensive income		
Balance at beginning of current period	96,123	718	(137,466)	(40,625)	3,366	11,525,216
Changes during current period						
Surplus dividend						(111,548)
Net income (loss)						(77,082)
Purchase of treasury stock						(18,320)
Disposal of treasury stock						–
Changes during current period in items other than shareholders' equity -net	234,782	(599)	78,109	312,292		312,292
Total changes during current period	234,782	(599)	78,109	312,292	–	105,340
Balance at end of current period	330,905	118	(59,357)	271,667	3,366	11,630,556

(4) Consolidated Statement of Cash Flows

(Unit: thousand Yen)

	12 months Ended December 31, 2012	12 months Ended December 31, 2013
Cash flows from operating activities		
Net income before taxes and adjustments	464,602	235,940
Depreciation and amortization	381,356	414,203
Interest and dividend income	(20,769)	(22,133)
Interest expense	45,917	39,219
Valuation (gain)/loss on derivatives	11,747	—
(Gain)/Loss on sale of investment securities	—	(421)
Valuation (gain)/loss on investment securities	3,407	—
(Gain)/Loss on sale and retirement of tangible fixed assets	(1,076)	11,180
Impairment loss	—	5,974
Decrease/(increase) in accounts receivable	264,532	(288,196)
Decrease/(increase) in inventories	855,490	124,880
Decrease/(increase) in advance payment	1,037,507	(162,675)
Increase/(decrease) in trade notes and accounts payable	(1,869,750)	163,706
Increase/(decrease) in advance received	(1,744,518)	86,397
Others	142,324	5,805
Sub-total	429,229	613,881
Interest and dividend received	19,477	23,350
Interest paid	(48,562)	(40,518)
Income tax and other taxes paid	(304,507)	(307,993)
Net cash provided by/(used in) operating activities	(762,822)	288,720
Cash flows from investing activities		
Payment for purchase of tangible fixed assets	(194,742)	(85,303)
Proceeds from sale of tangible fixed assets	4,786	1,419
Payment for purchase of investment securities	(21,660)	(22,300)
Proceeds from sale of investment securities	—	10,115
Others	(6,937)	(14,802)
Net cash provided by/(used in) investing activities	(218,554)	(110,871)
Cash flows from financing activities		
Net increase/(decrease) in short-term loans payable	(26,857)	100,000
Repayment of long-term loans payable	(408,673)	(322,680)
Proceeds from disposal of treasury stock	55,967	—
Dividends paid	(165,220)	(111,344)
Others	(108,203)	(100,695)
Net cash provided by/(used in) financing activities	(652,987)	(434,720)
Effect of exchange rate changes on cash and cash equivalents	58,178	119,577

Increase/(decrease) in cash and cash equivalents	(1,576,186)	(137,293)
Cash and cash equivalents at beginning of period	7,294,920	5,718,734
Cash and cash equivalents at period end	*5,718,734	*5,581,441

(5) Notes on Consolidated Financial Statements:

(Notes regarding Premise of Going Concern)

There is no applicable matter.

(Significant Matters Fundamental to Prepare Consolidated Financial Statements)

Not indicated because there is no significant change from the most recent Securities Report submitted on March 29, 2013.

(Change in Accounting Policy)

- Change in accounting policy difficult to differentiate from change in accounting estimate

With the Corporation Tax Act revised, Daito Electron Co., Ltd. (the Company) and its domestic consolidated subsidiaries changed as from the current period the depreciation method for tangible fixed assets acquired on or after January 1, 2013 into that under the Corporation Tax Act after revision.

The impact of this change on profit and loss is minor.

(Change in Representation Method)

- Consolidated Statements of Income)

"Compensation received" shown independently in the previous accounting period is shown included in "Non-operating income" as from the current accounting period because it is now less significant in amount. To reflect this change in the representation method, the consolidated financial statements for the previous accounting period are reclassified.

Consequently, 5,300 thousand yen shown as "Compensation received" in the previous accounting period is reclassified as "Non-operating income."

"Sales discount" shown included in "Other non-operating losses" under "Non-operating expenses" in the previous accounting period is shown as "Sales discount" as from the current period because it is now more significant in amount. To reflect this change in the representation method, the consolidated financial statements for the previous accounting period are reclassified.

Consequently, 4,591 thousand yen which was shown included as in "Other non-operating losses" under "Non-operating expenses" in the previous accounting period is reclassified as "Sales discount."

(Segment Information, etc.)

a. Segment information

1. Outline of Report Segments

The Group's Report Segments are those segments subject to regular reviews for the

Board of Directors to determine allocation of management resources and evaluate the performance whose financial data is available separately from the other constituent units of the Group.
In the Group, the Company has business segments by goods, each of which operates under its own comprehensive strategies for its domestic and overseas operations concerning the goods it deals with, while as for the consolidated subsidiaries, each of which are an independent management unit, the allocation of management resources is determined and the performance is evaluate by the Board of Directors of each subsidiary.
As seen above, with the Company consisting of segments by goods based on its business segments, and the consolidated subsidiaries consisting of segments by location, the Group's Report Segments are composed of: "Electronic Equipment and Components," "Manufacturing Equipment," "Domestic Subsidiaries," and "Overseas Subsidiaries."
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 the Power Supply Business Dept., which was included in "Electronic Equipment and Components," are both included in "Domestic Subsidiaries" as from the current period.

Below are the main goods/products and services of each Report Segment:

① Electronic Equipment and Components: Sales of electronic components & assembly products, semiconductors, embedded systems, power supply equipment, image-related equipment and parts, information systems, and other electronic equipment and components

② Manufacturing Equipment: Sales of optical device manufacturing equipment, LSI manufacturing equipment, FPD manufacturing equipment, electronic material manufacturing equipment, and energy device manufacturing equipment

③ Domestic Subsidiaries: Development, manufacture, and sales, etc. of semiconductor manufacturing equipment, electronic material manufacturing equipment, cables & harnesses, and printed circuit boards

④ Overseas Subsidiaries: Manufacture, sales, procurement, imports, and exports of electronic equipment and parts, and sales, imports, and exports of manufacturing equipment in the North American and Asian markets

The segment information for the previous period disclosed was prepared based on the Report Segment classification after the business transfers.

2. Calculation method for net sales, income or loss, assets, and other items of each Report Segment:
   The accounting methods for the reported business segments are the same as those stated in " Significant Matters Fundamental to Prepare Consolidated Financial Statements."
   The incomes of the Report Segments are based on operating income.
   The internal profits and transfers between segments are based on the current market prices.

3. Information concerning the amounts of net sales, income or loss, assets, and other items of each Report Segment:

[Previous Fiscal Year Ended December 31, 2012] (Unit: thousand yen)

	Report Segment				
	Electronic Equipment & Components	**Manufacturing Equipment**	**Foreign Subsidiaries**	**Overseas Subsidiaries**	**Total**
Net sales					
- Sales to outside customers	20,652,391	9,790,833	2,674,563	2,949,652	36,067,441
- Inter-segmental sales or transfer	995,588	95,443	4,050,549	139,440	5,281,021
Total	21,647,980	9,886,276	6,725,112	3,089,093	41,348,462
Segment income (loss)	425,110	(17,553)	401,143	(40,089)	768,610
Segment assets	8,016,356	2,340,184	5,394,053	1,315,743	17,066,338
Other					
- Depreciation	28,963	1,350	117,615	8,398	156,328
- Increase in tangible fixed assets and intangible fixed assets	61,517	1,560	173,679	3,077	239,835

	Adjustment *1	Consolidated Financial Statements *2
Net sales		
- Sales to outside customers	―	36,067,441
- Inter-segmental sales or transfer	(5,281,021)	―
Total	(5,281,021)	36,067,441
Segment income (loss)	(422,852)	345,758
Segment assets	6,556,351	23,622,689
Other		
- Depreciation	225,027	381,356
- Increase in tangible fixed assets and intangible fixed assets	143,084	382,920

(Notes) 1. The details of the Adjustment are as follows:

(1) The amount of Adjustment of Segment loss of 422,852 thousand yen includes eliminations of inter-segmental transaction of 75,575 thousand yen, and all company expenses not allocated to each Report Segment of (498,427 thousand yen). The major part of “All company expenses” is Selling, general and administrative expenses not attributable to the Report Segment.

(2) The amount of Adjustment of Segment assets of 6,556,351 thousand yen includes elimination of segmental transaction of (1,490,209 thousand yen) and all company assets not allocated to each Report Segment of 8,046,561 thousand yen. The major part of “All company assets” is composed of surplus fund operating capital (cash and deposits, etc.) and long-term investment capital (investment securities, etc.) not attributable to the Report Segment, and assets pertaining to administrative departments, etc.

(3) The amount of Adjustment of Depreciation of 225,027 thousand yen is depreciation pertaining to all company assets.

(4) The amount of Adjustment of Increase in tangible fixed assets and intangible fixed assets of 143,084 thousand yen is the amount of the increase in the all company assets.

2. Segment income (loss) is adjusted with the operating income in the Consolidated Statement of Income.

[Current Fiscal Year Ended December 31, 2013] (Unit: thousand yen)

	Report Segment				
	Electronic Equipment & Components	**Manufacturing Equipment**	**Foreign Subsidiaries**	**Overseas Subsidiaries**	**Total**
Net sales					
- Sales to outside customers	22,171,348	6,446,698	2,242,361	4,039,082	34,899,491
- Inter-segmental sales or transfer	855,617	149,662	3,887,665	100,426	4,993,372
Total	23,026,966	6,596,361	6,130,027	4,139,509	39,892,864
Segment income (loss)	204,725	(149,386)	55,197	94,620	205,156
Segment assets	8,877,862	2,262,635	5,078,845	1,679,754	17,899,098
Other					
- Depreciation	225,661	45,153	115,900	7,173	393,888
- Increase in tangible fixed assets and intangible fixed assets	16,219	—	164,164	8,161	188,544

	Adjustment *1	**Consolidated Financial Statements *2**
Net sales		
- Sales to outside customers	—	34,899,491
- Inter-segmental sales or transfer	(4,993,372)	—
Total	(4,993,372)	34,899,491
Segment income (loss)	(66,487)	138,668
Segment assets	5,867,004	23,766,103
Other		
- Depreciation	20,315	414,203
- Increase in tangible fixed assets and intangible fixed assets	21,146	209,690

(Notes) 1. The details of the Adjustment are as follows:

(1) The amount of Adjustment of Segment loss of 66,487 thousand yen includes eliminations of inter-segmental transaction of 82,206 thousand yen, and all company expenses not allocated to each Report Segment of (148,694 thousand yen). The major part of “All company expenses” is Selling, general and administrative expenses not attributable to the Report Segment. As a result of the review of All company expenses for proper evaluation and control of incomes and losses of each Reported Segment, the segment income of Electronic Equipment & Components decreases 164,877 thousand yen, and the segment loss of Manufacturing Equipment increases 44,623 thousand yen

(2) The amount of Adjustment of Segment assets of 5,867,004 thousand yen includes elimination of segmental transaction of (1,744,329 thousand yen) and all company assets not allocated to each Report Segment of 7,611,334 thousand yen. The major part of “All company assets” is composed of surplus fund operating capital (cash and deposits, etc.) and long-term investment capital (investment securities, etc.) not attributable to the Report Segment, and assets pertaining to administrative departments, etc.

(3) The amount of Adjustment of Depreciation of 20,315 thousand yen is depreciation pertaining to all company assets.

(4) The amount of Adjustment of Increase in tangible fixed assets and intangible fixed assets of 21,146 thousand yen is the amount of the increase in the all company assets.

2. Segment income (loss) is adjusted with the operating income in the Consolidated Statement of Income.

b. Relevant information

[Previous Fiscal Year Ended December 31, 2012]

1. Information by product and service (Unit: thousand yen)

	Electronic Equipment & Components	Manufacturing Equipment	Total
Sales to outside customers	25,207,356	10,860,084	36,067,441

2. Information by area

(1) Net sales (Unit: thousand yen)

Japan	North America	Europe	Asia	Total
28,787,554	847,945	104,627	6,327,313	36,067,441

(Note) Net sales are based on customers’ locations and classified by country or area.

(2) Tangible fixed assets

The amount of tangible fixed assets located in Japan accounts for more than 90% of the amount of the same item in the consolidated balance sheet, and therefore is not shown here.

3. Information by main customer

There is no outside customer that purchased more than 10% of net sales in the consolidated income statement.

[Current Fiscal Year Ended December 31, 2013]

1. Information by product and service (Unit: thousand yen)

	Electronic Equipment & Components	Manufacturing Equipment	Total
Sales to outside customers	27,739,713	7,159,778	34,899,491

2. Information by area

(1) Net sales (Unit: thousand yen)

Japan	North America	Europe	Asia	Total
28,616,971	1,251,712	139,117	4,891,690	34,899,491

(Note) Net sales are based on customers' locations and classified by country or area.

(2) Tangible fixed assets

The amount of tangible fixed assets located in Japan accounts for more than 90% of the amount of the same item in the consolidated balance sheet, and therefore is not shown here.

3. Information by main customer

There is no outside customer that purchased more than 10% of net sales in the consolidated income statement.

c. Information on impairment loss of fixed assets by Report Segment

[Previous Fiscal Year Ended December 31, 2012]

There is no applicable matter.

[Current Fiscal Year Ended December 31, 2013] (Unit: thousand yen)

	Electronic Equipment & Components	Manufacturing Equipment	Foreign Subsidiaries	Overseas Subsidiaries	Total
Impairment loss	—	—	—	5,974	5,974

d. Information on depreciation of goodwill and undepreciated balance by Report Segment

[Previous Fiscal Year Ended December 31, 2012]

There is no applicable matter.

[Current Fiscal Year Ended December 31, 2013]

There is no applicable matter.

e. Information on income upon negative goodwill by Report Segment

[Previous Fiscal Year Ended December 31, 2012]

There is no applicable matter.

[Current Fiscal Year Ended December 31, 2013]

There is no applicable matter.

(Per Share Data)

	Previous FY Ended Dec. 31, 2012	Current FY Ended Dec. 31, 2013
Net assets per share	¥1,032.90	¥1,047.04
Net income (loss) per share	¥16.49	(¥6.94)

(Notes) 1. Fully diluted net income per share for the previous period is not shown here because there are no residual securities.

2. Fully diluted net income per share for the current period is not shown here because it turned a loss and there are no residual securities.

3. The bases of calculation of net income (loss) per share are as follows:

(Unit: thousand yen)

	Previous FY Ended December 31, 2012	Current FY Ended December 31, 2013
Net income (loss) per share		
Net income (loss)	182,761	(77,082)
Amount not applicable to common shareholders	—	—
Net income (loss) applicable to common shares	182,761	(77,082)
Average number of shares during period	11,080,000 shares	11,110,000 shares

(Notes) Since the Company shares owned by trust account E is recognized as treasury stock in the Consolidated Financial Statements, the number of such shares is deducted in calculation of the average number of common shares during period used for the calculation of net income per share.

(Significant Subsequent Events)

There is no applicable event.