

February 5, 2015

Financial Report for the 12-month period ended December 31, 2014 (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/>
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Scheduled date of General Shareholders Meeting: March 27, 2015

Scheduled date of starting dividend payment: March 30, 2015

Scheduled date of submitting financial statement: March 30, 2015

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 2014 (January 1, 2014 to December 31, 2014)

(1) Operating Results (Percent figures are the year-on-year rates.)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Fiscal 2014	38,702	10.9	774	458.6	861	240.9
Fiscal 2013	34,899	(3.2)	138	(59.9)	252	(45.9)

	Net income		Net income per share	Full diluted net income per share
	Million yen	%	Yen	Yen
Fiscal 2014	641	—	57.74	—
Fiscal 2013	(77)	—	(6.94)	—

(Note) Comprehensive income: FY 2014: 721 million yen (206.9%) FY 2013: 235 million yen (-33.6%)

	Net income to shareholder's equity (%)	Ordinary income to total assets (%)	Ordinary income to net sales (%)
Fiscal 2014	5.4	3.4	2.0
Fiscal 2013	(0.7)	1.1	0.4

(Reference) Income from affiliates: Fiscal 2014: - million yen Fiscal 2013: - million yen

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

2. Full diluted net income per share in 2014 is not shown because 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 2014	27,312	12,161	44.5	1,094.87
Fiscal 2013	23,766	11,630	48.9	1,047.04

(Reference) Shareholder's equity: Fiscal 2014 12,158 million yen Fiscal 2013 11,627 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 2014	722	(123)	(182)	6,092
Fiscal 2013	288	(110)	(434)	5,581

2. Dividend Payments

	Annual dividend				
	1Q end	2Q end	3Q end	fiscal end	FY total
	yen	yen	yen	yen	yen
FY2013	—	0.00	—	5.00	5.00
FY2014	—	0.00	—	15.00	15.00
FY2015 (forecast)	—	0.00	—	15.00	15.00

	Total amount	Payout ratio (consolidated)	Net worth dividend ratio (consolidated)
	Million yen	%	%
FY2013	55	—	0.5
FY2014	166	26.0	1.4
FY2014 (forecast)		24.9	

3. Forecasts of financial results for FY2015 (Consolidated : January 1, 2015 to December 31, 2015)

(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.)	21,700	15.2	480	109.1	480	110.5	320	86.5	28.82
Full year	43,000	11.1	1,000	29.1	1,000	16.1	670	4.5	60.33

*** 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: None
- ④ Restatement: None

(Note) The details are shown on page 16 “Change in Accounting Policy” of (5) Notes on Consolidated Financial Statement” under “4. Consolidated Financial Statements” of the appendix.

(3) Number of outstanding shares (common shares)

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

FY 2014 : 11,155,979 shares

FY 2013 : 11,155,979 shares

- ② Number of treasury shares at period end

FY 2014 : 51,184shares

FY 2013 : 51,170 shares

- ③ Average number of shares during period

FY 2014 : 11,104,796 shares

FY 2013 : 11,110,035 shares

(Reference) Outline of non-consolidated financial results

1. Financial results for the 12-month period ended Dec 31, 2014 (Jan. 1, 2014 to Dec. 31, 2014)

(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 2014	33,739	13.9	167	—	287	213.4
FY 2013	29,623	(6.4)	(74)	—	91	(81.6)

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
FY 2014	213	—	19.21	—
FY 2013	(47)	—	(4.30)	—

(Note) 1. 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. Full diluted net income per share in 2014 is not shown because 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 2014	24,323	10,328	42.5	930.07
FY 2013	21,362	10,150	47.5	914.08

(Reference) Shareholders' equity:

FY 2014 : 10,328 million yen

FY 2013 : 10,150 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" of (1) Analysis of 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 17, 2015.

1. Operating results and financial position

(1) Analysis of operating results

(Operating results for the current year)

The Japanese economy during this year, in spite of the sluggish consumer spending affected by an increase in consumption tax, remained on a gradual recovery trend with corporate earnings and facility investments improved mainly in export industries backed by the government's economic policy and the monetary policy by the Bank of Japan.

As for the world economy, with all the concerns such as political instability in Ukraine and the Middle East and China's growth recession, the economy as a whole remained on an expansionary trend with the US and Southeast Asian countries continuing on a recovery path.

In our electronics industry, production was continuingly active mainly in auto-related, smartphones and tablet terminals, and their peripheral-related fields.

Under these circumstances, the Group started the 8th Three-Year Management Plan starting in the current year, and worked aggressively on the four strategic themes: "Enhancement and expansion of original products" "Enhancement and expansion of overseas business" "Cultivation and vertical development of existing markets and customers," and "Development of new markets and customers" seeking to improve performance

As for performance, net sales increased in the above economic environment, and profit exceeded largely the previous year's supported by the improved profitability in the manufacturing equipment. Consequently, the Group obtained the following results in the current year: net sales 38,702 million yen (up 10.9% over the same term last year); operating income 774 million yen (up 458.6%); ordinary income 861 million yen (up 240.9%); and net income 641 million yen (77 million yen net loss in the previous year).

The outline of segmental performance is as follows:

- Electronic Equipment and Components

As for this segment, associated with active corporate production in industrial machinery and equipment, our main market, net sales exceeded the previous year's as connectors and harnesses of the "Electronic Components & Assembly Products" in auto-related and semiconductor manufacturing equipment-related markets, and computer peripheral devices of the "Embedded Systems" for built-in monitors and manufacturing equipment did well, respectively, while profit fell below the previous year's due to the increase in prior investment into new markets , etc.

Consequently, net sales of this segment totaled 25,156 million yen (up 13.5% over the same term last year) with a segmental (operating) income of 153 million yen (down 25.1%).

- Manufacturing Equipment

In this segment, with corporate facility investments remaining on a recovery trend, performance greatly improved such as the increased demand for the LSI Manufacturing Equipment, the Electronic Material Manufacturing Equipment for communication-related production facilities for smartphones and tablet terminals and generally good performance of the LED manufacturing

equipment of the Optical Device Manufacturing Equipment

Consequently, net sales of this segment totaled 7,277 million yen (up 12.9% over the same term last year) with a segmental (operating) income of 46 million yen (149 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, did well in harness assembly and special connectors with corporate production becoming more active and both its sales and profit exceeded those in the previous years', while Daitron Technology Co., Ltd., which is engaged in manufacturing equipment business, exceeded largely the previous year's in profit by reviewing manufacturing cost and reducing selling, general administrative expenses, though the net sales declined.

Under these circumstances, this segment achieved a much larger profit in spite of the net sales smaller than the previous year's.

Consequently, net sales of this segment totaled 2,099 million yen (down 6.4% over the same term last year) with a segmental (operating) income of 463 million yen (up 739.3%).

- Overseas Subsidiaries

As for this segment, associated with active corporate production in smartphones and tablet terminals in Asia, the results exceeded the previous years' in Daitron (Shanghai) Co., Ltd., Daitron (Malaysia) Sdn. Bhd., Daitron (H.K.) Co., Ltd. grew, while Daitron Inc., which operates for the North American market, experienced a decline in performance affected by a temporary decrease in customers' production.

Under these circumstances, net sales of this segment slightly exceeded the previous years', while the profit it fell below the previous year's.

Consequently, net sales of this segment totaled 4,169 million yen (up 3.2% over the same term last year) with a segmental (operating) income of 54 million yen (down 42.8%).

(Outlook for Next Period)

The Japanese economy is expected to remain on a gradual expansionary trend based on the expectation of continuously increasing facility investments buoyed by the improved corporate earnings.

Globally, despite the concerns such as the influences of China's growth recession, declining crude oil prices, and political instability in Ukraine and the Middle East, the economy on the whole is expected to remain on a gradual expansionary trend as in the Japanese economy with the US and other countries expected to continue on a recovery path.

Under these circumstances, we expect our Group's full-year performance as follows: net sales 43,000 million yen; operating income 1,000 million yen; ordinary income 1,000 million yen; and net income 670 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 22,199 million yen (3,707 million yen up from the previous fiscal-end) mainly due to the increases of notes and accounts receivable by 1,581 million yen and electronically recorded monetary claims by 822 million yen. Fixed assets stood at 5,113 million yen (down 161 million yen) due to the decreases in tangible fixed assets by 80 million yen, intangible fixed assets by 61 million yen, and investments and other assets by 19 million yen. Consequently, total assets amounted to 27,312 million yen, 3,546 million yen up from the end of the previous fiscal year.

(Liabilities)

Current liabilities stood at 11,941 million yen (up 1,827 million yen from the previous fiscal-end) mainly due to the increases in trade notes and accounts payable by 598 million yen and Electronically recorded monetary liabilities by 1,723 million yen, respectively, despite the decrease in long-term loans payable due within one year by 973 million yen. Fixed liabilities stood at 3,209 million yen (up 1, 187 million yen), mainly due to an increase in long-term loans payable by 905 million yen.

Consequently, total liabilities amounted to 15,150 million yen, 3,015 million yen up from the end of the previous fiscal year.

(Net Assets)

Total net assets at the end of this period amounted to 12,161 million yen (531 million yen up from the previous fiscal-end) mainly due to an increase in Retained earnings by 585 million yen.

Consequently, shareholders' equity ratio stood at 44.5%, down 4.4 point from the end of the previous fiscal year.

b) Cash flow

The balance of cash and cash equivalents at the end of this period (hereinafter called "Fund") stood at 6,092 million yen, up 510 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 722 million yen (288 million yen increase in the same term last year) as a result of operating activities: the major increasing factors are increases in net income before taxes and adjustments of 880 million yen and trade notes and accounts payable of 2,246 million yen, respectively, and the decreasing factor is an increase in an increase in account receivable of 2,320 million yen.

(Cash flows from investing activities)

The Fund decreased 123 million yen (110 million yen decrease in the same term last year) as a result of investing activities: the major decreasing factor is the acquisition of tangible fixed assets of 123 million yen.

(Cash flows from financing activities)

The Fund decreased 182 million yen (434 million yen decrease in the same term last year) as a result of financing activities: the major increasing factor is proceeds from long-term loans of 1,000

million yen, and the major decreasing factors are repayments of long-term loans payable of 1,067 million yen and dividends paid of 55 million yen.

(Reference) Change in cash flow indicators

	FY2010	FY2011	FY2012	FY2013	FY2014
Shareholders' Equity Ratio (%)	39.4	41.4	48.8	48.9	44.5
Market-value Shareholders' Equity (%)	26.6	17.0	16.4	18.2	25.5
Ratio of Cash Flow to Interest-Bearing Debts (years)	1.1	1.0	—	4.6	1.7
Interest Coverage Ratio (times)	35.4	40.5	—	7.1	26.2

(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, financial standing, future business strategies, etc. of each period.

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 15 yen of common year-end per-share dividend, 5 yen up from the forecast announced on November 4, 2014.

Our forecast for FY2015 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 15 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, Hong Kong, and Shenzhen), 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 threat 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 Group is aggressively accelerating expansion in global operations. 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. 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 assume 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 taken measures to request 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, is subject to notification to and permission of the Minister of Economy, Trade and Industry under the Foreign Exchange and Foreign Trade Control Law, as necessary. 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.

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 subsidiaries:

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 such as harnesses, underwater connectors, and power supply equipment.

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

(3) Overseas subsidiaries:

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 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 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.

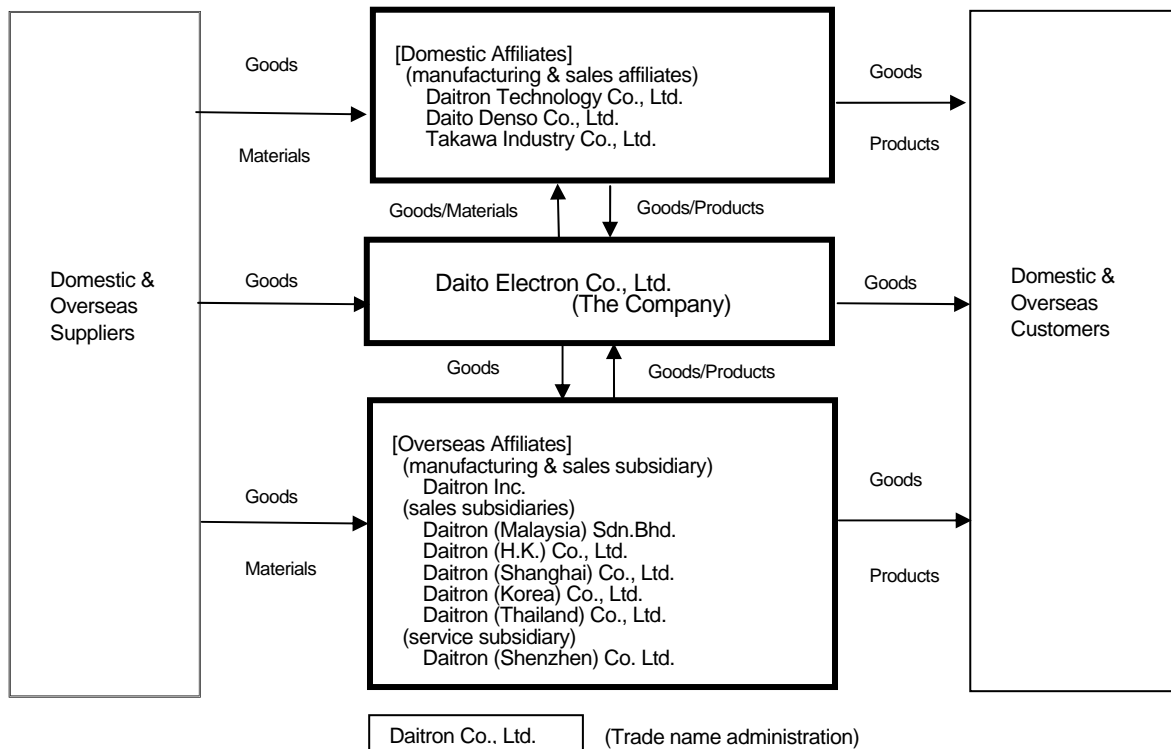
Daitron (Shanghai) Co., Ltd. engages in sales and import/export of electronic equipment and components as well as manufacturing equipment for the Chinese market.

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 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 established the 8th Three-Year Management Plan for fiscal 2014-2016.

In this 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 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, we are aiming to establish a constitution to secure stable earnings by aggressively developing new businesses based on new business bases and advancing into new markets.

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 concentrating more efforts on specific areas related to 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 to seek to create new business models overseas according to the market environment of respective locations, in addition to further promoting the development of new domestic markets and customers in such areas as LED lighting, uninterruptible power systems, and photovoltaic power related systems.

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, 2013	at December 31, 2014
Assets		
Current assets		
Cash and deposits	(*1) 5,611,441	(*1) 6,122,205
Notes and accounts receivable - Trade	(*2) 9,009,210	(*2) 10,590,343
Electronically recorded monetary claims	945,276	1,768,084
Goods and products	1,366,500	1,780,364
Work in process	743,521	844,181
Raw materials	222,179	469,139
Deferred tax assets	107,308	144,249
Other current assets	487,050	482,538
Allowance for doubtful accounts	(904)	(1,873)
Total current assets	18,491,584	22,199,232
Fixed assets		
Tangible fixed assets		
Buildings and structures	(*1) 3,678,475	3,688,891
Accumulated depreciation	(2,409,276)	(2,498,899)
Buildings and structures - net	(*1) 1,269,198	1,189,998
Machinery, equipment and vehicles	321,498	349,270
Accumulated depreciation	(268,625)	(291,136)
Machinery, equipment and vehicles - net	52,873	58,134
Land	(*1) 1,840,398	1,840,398
Other tangible fixed assets	797,837	836,828
Accumulated depreciation	(627,330)	(672,561)
Other tangible fixed assets - net	170,507	164,266
Total tangible fixed assets	3,332,978	3,252,791
Intangible fixed assets		
Other intangible fixed assets	146,578	84,778
Total intangible fixed assets	146,578	84,778
Investments and other assets		
Investment securities	(*1) 1,062,284	(*1) 1,131,126
Long-term loans receivable from employees	2,148	2,116
Deferred tax assets	44,238	87,557
Other investments and other assets	722,453	622,660
Allowance for doubtful accounts	(36,163)	(67,691)
Total investments and other assets	1,794,961	1,775,769

Total fixed assets	5,274,518	5,113,339
Total assets	23,766,103	27,312,572

	at December 31, 2013	at December 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	(*2) 7,642,959	(*2) 8,241,765
Electronically recorded monetary claims	—	1,723,576
Short-term loans payable	100,000	100,000
Long-term loans payable due within one year	(*1) 1,039,970	(*1) 66,660
Lease obligations	58,638	43,181
Accrued Income taxes, etc.	97,284	222,606
Allowance for bonuses	49,666	58,564
Allowance for product warranty	38,431	35,911
Advance received	456,595	618,977
Other current liabilities	630,227	829,996
Total current liabilities	10,113,772	11,941,239
Fixed liabilities		
Long-term loans payable	—	905,565
Lease obligations	123,316	87,210
Deferred tax liability	10,146	461
Allowance for employees' retirement benefits	1,758,353	—
Liabilities pertaining to employees' retirement benefits	—	2,085,776
Asset retirement obligation	46,862	47,570
Other fixed liabilities	83,094	83,094
Total fixed liabilities	2,021,773	3,209,678
Total liabilities	12,135,546	15,150,917
Net assets		
Shareholders' equity		
Common stock	2,200,708	2,200,708
Capital surplus	2,482,896	2,482,896
Retained earnings	6,691,248	7,276,961
Treasury stock	(19,329)	(19,335)
Total shareholders' equity	11,355,523	11,941,230
Accumulated other comprehensive income		
Difference from evaluation of other investment securities	330,905	356,199
Deferred gains or losses on hedges	118	(5,362)
Foreign currency translation adjustments	(59,357)	1,372
Accumulated adjustment pertaining to employees' retirement benefits	—	(135,151)
Total accumulated other comprehensive income	271,667	217,058

Minority interests	3,366	3,366
Total net assets	11,630,556	12,161, 655
Total liabilities and net assets	23,766,103	27,312,572

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

(Consolidated Statement of Income)

(Unit: thousand yen)

	12 months Ended December 31, 2013	12 months Ended December 31, 2014
Net sales	34,899,491	38,702,579
Cost of sales	27,428,519	30,405,093
Gross profit	7,470,972	8,297,485
Selling, general and administrative expenses		
Salaries and bonuses	3,471,926	3,765,999
Retirement benefit expenses	251,932	236,792
Transfer to allowance for bonuses	37,494	48,300
Transfer to allowance for doubtful accounts	2,155	31,966
Depreciation	328,022	195,174
Other selling, general and administrative expenses	(*1) 3,240,773	(*1) 3,244,604
Total selling, general and administrative expenses	7,332,303	7,522,838
Operating income	138,668	774,647
Non-operating income		
Interest income	6,679	7,104
Dividend income	15,454	19,268
Insurance dividend	10,806	11,095
Purchase discount	7,699	7,748
Foreign exchange profit	111,199	52,509
Other non-operating income	20,266	34,725
Total non-operating income	172,105	132,452
Non-operating expenses		
Interest expense	39,219	27,043
Loss on sale of trade notes	4,093	4,131
Sales discount	5,834	7,807
Other non-operating losses	8,952	6,870
Total non-operating expenses	58,099	45,853
Ordinary income	252,674	861,246
Extraordinary income		
Gain on sale of fixed assets	(*2) 880	(*2) 19,942
Gain on sale of investment securities	421	—
Total extraordinary income	1,301	19,942
Extraordinary losses		
Loss on sale and retirement of fixed assets	(*3) 12,060	(*3) 283
Impairment loss	5,974	—
Total extraordinary losses	18,034	283

	12 months Ended December 31, 2013	12 months Ended December 31, 2014
Net income before taxes and adjustments	235,940	880,905
Income, inhabitants and enterprise taxes	160,013	284,022
Income taxes-deferred	153,010	(44,353)
Total income taxes	313,023	239,668
Net income (loss) before minority shareholders profit and loss adjustments	(77,082)	641,237
Net income (loss)	(77,082)	641,237
Other comprehensive income		
Difference from evaluation of other investment securities	234,782	25,294
Deferred gains or losses on hedges	(599)	(5,481)
Foreign currency translation adjustments	78,109	60,730
Total accumulated other comprehensive income	(*) 312,292	(*) 80,542
Comprehensive income	235,209	721,779
(breakdown)		
Comprehensive income pertaining to parent stock	235,209	721,779
Comprehensive income pertaining to minority shareholders	—	—

(3) Consolidated Statement of Changes in Shareholders' Equity and Others
[Previous Fiscal Year Ended 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)
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)
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

[Current Fiscal Year Ended December 31, 2014]

(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	6,691,248	(19,329)	11,355,523
Changes during current period					
Surplus dividend			(55,524)		(55,524)
Net income (loss)			641,237		641,237
Purchase of treasury stock				(5)	(5)
Changes during current period in items other than shareholders' equity -net					
Total changes during current period	—	—	585,712	(5)	585,707
Balance at end of current period	2,200,708	2,482,896	7,276,961	(19,335)	11,941,230

	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 adjustment pertaining to employees' retirement benefits	Accumulated other comprehensive income		
Balance at beginning of current period	330,905	118	(59,357)	—	271,667	3,366	11,630,556
Changes during current period							
Surplus dividend							(55,524)
Net income (loss)							641,237
Purchase of treasury stock							(5)
Changes during current period in items other than shareholders' equity -net	25,294	(5,481)	60,730	(135,151)	(54,609)		(54,609)
Total changes during current period	25,294	(5,481)	60,730	(135,151)	(54,609)	—	531,098
Balance at end of current period	356,199	(5,362)	1,372	(135,151)	217,058	3,366	12,161,655

(4) Consolidated Statement of Cash Flows

(Unit: thousand Yen)

	12 months Ended December 31, 2013	12 months Ended December 31, 2014
Cash flows from operating activities		
Net income before taxes and adjustments	235,940	880,905
Depreciation and amortization	414,203	272,158
Interest and dividend income	(22,133)	(26,372)
Interest expense	39,219	27,043
(Gain)/Loss on sale of investment securities	(421)	—
(Gain)/Loss on sale and retirement of tangible fixed assets	11,180	(19,658)
Impairment loss	5,974	—
Decrease/(increase) in accounts receivable	(288,196)	(2,320,480)
Decrease/(increase) in inventories	124,880	(714,562)
Decrease/(increase) in advance payment	(162,675)	25,897
Increase/(decrease) in trade notes and accounts payable	163,706	2,246,899
Increase/(decrease) in advance received	86,397	145,985
Others	5,805	373,180
Sub-total	613,881	890,996
Interest and dividend received	23,350	25,181
Interest paid	(40,518)	(27,534)
Income tax and other taxes paid	(307,993)	(166,553)
Net cash provided by/(used in) operating activities	288,720	722,090
Cash flows from investing activities		
Payment for purchase of tangible fixed assets	(85,303)	(123,395)
Proceeds from sale of tangible fixed assets	1,419	36,052
Payment for purchase of investment securities	(22,300)	(23,141)
Proceeds from sale of investment securities	10,115	—
Others	(14,802)	(12,800)
Net cash provided by/(used in) investing activities	(110,871)	(123,284)
Cash flows from financing activities		
Net increase/(decrease) in short-term loans payable	100,000	—
Proceeds from long-term loans payable	—	1,000,000
Repayment of long-term loans payable	(322,680)	(1,067,745)
Dividends paid	(111,344)	(55,959)
Others	(100,695)	(58,914)
Net cash provided by/(used in) financing activities	(434,720)	(182,619)
Effect of exchange rate changes on cash and cash equivalents	119,577	94,578
Increase/(decrease) in cash and cash equivalents	(137,293)	510,764
Cash and cash equivalents at beginning of period	5,718,734	5,581,441

Cash and cash equivalents at period end

*5,581,441

*6,092,205

(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 31, 2014.

(Change in Accounting Policy)

- Application of accounting standards, etc. concerning employees' retirement benefits

With the application of the Accounting Standards concerning Retirement Benefits (Corporate Accounting Standards No.26, May 17, 2012; hereinafter "Retirement Benefits Accounting Standards") and the Application Guidelines for the Accounting Standards concerning Retirement Benefits (Corporate Accounting Standards Application Guidelines No.25, May 17, 2012; hereinafter "Retirement Benefits Application Guidelines") as from the end of this accounting year (excluding the provisions set forth in the body of Paragraph 35 of the Retirement Benefits Accounting Standards and the body of Paragraph 67 of the Retirement Benefits Application Guidelines), the reporting method is changed to the one where the amount of benefit obligation is reported as Liabilities pertaining to employees' retirement benefits and the Unrecognized actuarial difference is reported as Liabilities pertaining to employees' retirement benefits.

Consequently, 2,085,776 thousand yen of obligations pertaining to employees' retirement benefits was reported and Accumulated other comprehensive income decreased by 135,151 thousand yen.

The effect of these changes on Net assets per share is minor.

(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 deal 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 evaluated 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."

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

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, 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	—	83,300	8,161	107,680

	Adjustment *1	Amount reported in 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	(5,086)	102,594

(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.
- (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 (5,086 thousand yen) include eliminations of inter-segmental transaction of (26,232 thousand yen) and Increase in All company assets of 21,146 thousand yen.

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

[Current Fiscal Year Ended December 31, 2014]

(Unit: thousand yen)

	Report Segment				
	Electronic Equipment & Components	Manufacturing Equipment	Foreign Subsidiaries	Overseas Subsidiaries	Total
Net sales					
- Sales to outside customers	25,156,075	7,277,740	2,099,273	4,169,489	38,702,579
- Inter-segmental sales or transfer	1,014,484	291,665	4,841,177	133,020	6,280,347
Total	26,170,559	7,569,406	6,940,450	4,302,510	44,982,926
Segment income (loss)	153,346	46,285	463,289	54,139	717,061
Segment assets	11,282,146	2,513,755	5,942,133	2,284,236	22,022,273
Other					
- Depreciation	126,036	24,115	112,794	6,269	269,216
- Increase in tangible fixed assets and intangible fixed assets	44,201	151	65,455	23,016	132,826

	Adjustment *1	Amount reported in consolidated financial statements *2
Net sales		
- Sales to outside customers	—	38,702,579
- Inter-segmental sales or transfer	(6,280,347)	—
Total	(6,280,347)	38,702,579
Segment income (loss)	57,586	774,647
Segment assets	5,290,299	27,312,572
Other		
- Depreciation	2,942	272,158
- Increase in tangible fixed assets and intangible fixed assets	10,405	143,231

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

- (1) The amount of adjustment of segment income of 57,586 thousand yen includes eliminations of inter-segmental transaction of 89,673 thousand yen, and all company expenses not allocated to each Report Segment of (32,087 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 5,290,299 thousand yen includes elimination of segmental transaction of (2,613,571 thousand yen) and all company assets not allocated to each Report Segment of 7,903,870 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 2,942 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 10,405 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, 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.

[Current Fiscal Year Ended December 31, 2014]

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

	Electronic Equipment & Components	Manufacturing Equipment	Total
Sales to outside customers	30,711,584	7,990,995	38,702,579

2. Information by area

(1) Net sales (Unit: thousand yen)

Japan	North America	Europe	Asia	Total
32,320,696	1,144,284	92,112	5,415,486	38,702,579

(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, 2013]

(Unit: thousand yen)

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

[Current Fiscal Year Ended December 31, 2014]

There is no applicable matter.

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

There is no applicable matter.

e. Information on income upon negative goodwill by Report Segment

There is no applicable matter.

(Per Share Data)

	Previous FY Ended Dec. 31, 2013	Current FY Ended Dec. 31, 2014

Net assets per share	¥1,047.04	¥1,094.87
Net income (loss) per share	(¥6.94)	¥57.74

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

2. Fully diluted net income per share for the current period is not shown here because 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, 2013	Current FY Ended December 31, 2014
Net income (loss) per share		
Net income (loss)	(77,082)	641,237
Amount not applicable to common shareholders	—	—
Net income (loss) applicable to common shares	(77,082)	641,237
Average number of shares during period	11,110,000 shares	11,104,000 shares

(Significant Subsequent Events)

There is no applicable event.

(Omission of Disclosure)

Notes to lease transactions, financial instruments, securities, derivative transactions, asset retirement obligation, and relevant party information are not shown because there is not great necessity for disclosing them in this Financial Report.