February 8, 2008

Financial Report for the 12-month period ended December 31, 2007 (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: Kenji Kontani, President & CEO
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Scheduled date of General Shareholders Meeting: March 28, 2008
Scheduled date of starting dividend payment: March 31, 2008
Scheduled date of submitting financial statement: March 31, 2008

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

1. Consolidated financial results for the fiscal year 2007 (January 1, 2007 to December 31, 2007)

(1) Operating Results

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

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Fiscal 2007	53,444	(0.9)	2,235	4,6	2,194	(1,2)
Fiscal 2006	53,950	21,0	2,137	98,5	2,221	106,2

	Net income		Net income per share	Full diluted net income per share
	Million yen	%	Yen	Yen
Fiscal 2007	1,167	21.0	105.40	105.00
Fiscal 2006	1,477	200.9	134.08	133.45

	Net income to shareholder's equity (%)	Ordinary income to total assets (%)	Ordinary income to net sales (%)
Fiscal 2007	9.2	7.0	4.2
Fiscal 2006	12.7	7.1	4.0

(Reference) Income from affiliates: Fiscal 2007 N.A. Fiscal 2006 -8,000,000 yen

(2) Financial Standing

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
Fiscal 2007	30,873	13,053	42.3	1,181.76
Fiscal 2006	31,846	12,228	38,4	1,105.77

(Reference) Shareholder's equity: Fiscal 200713,053 million yen Fiscal 2006 12,228 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
Fiscal 2007	(838)	(805)	(710)	4,607
Fiscal 2006	4,913	399	(2,425)	6,983

2. Dividend Payments

	Dividend per share			Total amount	Payout ratio	Net worth
(Record Date)	Interim	Fiscal end	Full year	(annual)	(consolidated)	dividend ratio
	yen	yen	yen	Million yen	%	%
FY2006	—	25.00	25.00	276	18.6	2.4
FY2007	—	25.00	25.00	276	23.7	2.2
FY2008 (forecast)	—	25.00	25.00	—	22.1	—

3. Forecasts of financial results for FY2008 (Consolidated : January 1, 2008 to December 31, 2008)

(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
Interim	25,261	(7.1)	689	(50.8)	655	(52.8)	328	(56.8)	29.76
Full year	54,767	2.5	2,270	1.6	2,204	0.5	1,248	7.0	113.03

4. Other

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

(2) Change in accounting principle or procedure, or representation method for preparing consolidated financial statements (those to be stated in the "Change in Significant Matters Fundamental to Prepare Consolidated Financial Statements")

① Change associated with amendments in accounting standards, etc: Yes

② Other change: None

(3) Number of outstanding shares (common shares)

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

FY 2007 : 11,155,979 shares

FY 2006 : 11,155,979 shares

② number of treasury shares at period -end

FY 2007 : 109,796 shares

FY 2006 : 97,592 shares

(Note) For the number of shares used for calculating (consolidated) net income per share, please see "Per Share Data" on page 25.

(Reference) Outline of non-consolidated financial results

1. Financial results for the 12-month period ended Dec 31, 2007 (Jan. 1, 2007 to Dec. 31, 2007)

(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 2007	47,481	(2.3)	1,544	(6.9)	1,596	(15.6)
FY 2006	48,609	20.2	1,658	88.2	1,891	77.8

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
FY 2007	858	(3.8)	77.56	77.27
FY 2006	892	53.2	81.04	80.66

(2) Financial Standing (non-consolidated)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2007	27,820	10,855	39.0	982.73
FY 2006	28,871	10,318	35.7	933.07

(Reference) Shareholders' equity:

FY 2007 : 10,855 million yen

FY 2006 : 10,318 million yen

2. Forecasts of financial results for FY2008 (non-consolidated: Jan. 1, 2008 to Dec. 31, 2008)

(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
Interim	22,679	(5.5)	357	(62.4)	587	(43.1)	396	(31.7)	35.91
Full year	48,954	3.1	1,406	(8.9)	1,629	2.1	996	16.1	90.25

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

The assessments above are made based on the data currently available and contain a lot of uncertainty. The actual results may differ depending on the changes in the business environment, etc. Please refer to page 4 "1. Operating Results (1) Analysis of Operating Results" for matters with regard to the above forecasts.

1. Operating Results

(1) Analysis of Operating Results

(Operating results for current period)

The Japanese economy in this period, while dark signs have begun to be seen in buoyant consumer spending due to the impact of the soaring oil and material prices and increased burden on households of taxes and social security costs after the system changes, remained stable with the tailwind of expanding economy of Asian and other emerging nations with all the corporate sector's concerns over the slowing economy starting from the US subprime lending issue.

Our electronics industry, despite a certain period of stagnation resulting from the fact that IT-related manufacturers entered an inventory adjustment phase in the first half of the period, held firm overall with corporate appetite for capital spending remaining strong thanks to rapid economic growth of Asian and other nations.

Under these circumstances, to accelerate "full-scale growth" in the final year of the 5th Three-Year Management Plan (2005-2007), the Group worked on improving its corporate value by implementing policies designed to enhance "the product segment strategy" and promote "the fully integrated manufacturing and sales unit line" toward an objective of "pursuing higher added value."

As for performance, in manufacturing equipment-related fields the capital investments remained strong for the most part, while the unexpectedly great impact of inventory adjustments in IT-related industries on the electronics components business slowed down our earnings growth. In addition, no such gain accrued in this period as reported in the previous year such as those on investment partnership under non-operating income or on sale of investment securities and an overseas subsidiary's fixed assets under extraordinary profit.

As a result, the Group's business results for this consolidated accounting period were as follows: net sales 53,444 million yen (down 0.9% from the same period last year); operating income 2,235 million yen (up 4.6%); ordinary income 2,194 million yen (down 1.2%); and net income 1,167 million yen (down 21.0%).

The Company's individual business results for this consolidated accounting period were: net sales 47,481 million yen (down 2.3% from the same period last year); operating income 1,544 million yen (up 6.9%); ordinary income 1,596 million yen (down 15.6%); and net income 858 million yen (down 3.8%).

(Performance by operating segment)

The performance by operating segment is summarized as follows:

Electronic Equipment and Components

As for this segment, embedded systems (embedded boards) of "Function Products," which are increasing sales these days thanks to the growing adoption in the measuring equipment and communication/medical equipment industries, showed solid performance while connectors and harnesses of "Electronic Components & Assembly Products," image ICs of "Semiconductors," as well as CCD cameras, lenses and lights of "Image-Related Equipment and Parts" were sluggish under the great impact of inventory adjustments and production adjustments in digital appliances, amusement devices, and semiconductor/liquid crystal manufacturing equipment.

Consequently, net sales in this segment totaled 33,702 million yen (down 6.6% from the same period last year).

Manufacturing Equipment

As for this segment, though both orders and sales decreased in "LSI Manufacturing Equipment" and "Flat Panel Display Manufacturing Equipment" affected by production adjustments, "Electronic Material Manufacturing Equipment" remained solid driven by polishing machines and inspection machines for 300-mm wafers supported by brisk capital investment demand of silicon wafer manufacturers which started since last year.

Consequently, the sales of this segment totaled 19,741 million yen (up 10.5% from the same period last year).

(Outlook for the Following Period)

The outlook for the world economy is still uncertain amid the soaring oil and material prices, unstable exchange rates, and the tailspin in the world's financial and securities markets starting from the U.S. subprime lending issue.

In our electronics industry, though it is expected that the inventory adjustment phase revealed during this period will continue for the first half of fiscal 2008 and that corporate capital investments as well, which have been strong, will enter the correction phase, production and capital investments in our industry as a whole are expected to recover toward the second half of fiscal 2008.

The future outlook for the full year is: net sales 54,767 million yen (up 2.5% from the same period last year); operating income 2,270 million yen (up 1.6%); ordinary income 2,204 million yen (up 0.5%); and net income 1,248 million yen (up 7.0%). The sales prospects by segments are: 35,329 million yen (up 4.8%) for the Electronic

Equipment and Components, and 19,438 million yen (down 1.5%) for the Manufacturing Equipment.

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 of Financial Position

① Status of Assets, Liabilities, and Net Assets

In this fiscal year, as a result of active efforts to improve the efficiency of funds as well as reducing the interest-bearing debts and redeeming debentures, total assets amounted to 30,873 million yen (down 972 million yen over the previous year), liabilities 17,819 million yen (down 1,798 million yen), and net assets 13,053 million yen (up 825 million yen).

The Shareholders' equity ratio was 42.3%, up 3.9 point over the previous period-end.

② Cash Flows

The balance of cash and cash equivalents at this period-end decreased 2,376 million yen to 4,607 million yen on year-on-year basis.

(Cash Flows from Operating Activities)

Despite the decrease in net income before taxes and adjustments to 2,155 million yen (down 12.9% from the same period last year), with the balance of working capital worsening and payments of corporate taxes, Cash Flows from Operating Activities decreased by 838 million yen (4,913 million yen increase for the same period last year).

(Cash Flows from Investing Activities)

As a result of capital spending such as the construction of Kunitachi office in Tokyo and the repair works of Ritto Factory as well as securities acquisition such as investments in a customer, Cash Flows from Investing Activities decreased by 805 million yen (399 million yen increase for the same period last year).

(Cash Flows from Financing Activities)

As a result of repayment of short-term loans from financial institutions, redemption of debentures and payment of dividends, Cash Flows from Financing Activities decreased by 710 million yen (2,425 million yen decrease for the same period last year).

The trends of cash flow indicators of the Group are as follows:

	FY2003	FY2004	FY2005	FY2006	FY2007
Shareholders' Equity Ratio (%)	36.9	33.4	36.1	38.4	42.3
Market-value Shareholders' Equity (%)	28.4	28.0	29.1	64.3	34.7
Debt Redemption (years)	2.3	—	—	0.4	—
Interest Coverage Ratio (times)	28.3	—	—	112.9	—

(Notes) Shareholders' Equity Ratio : Shareholders' Equity/Total Assets
Market-value Shareholders' Equity : Market Capitalization/Total Assets
Debt Redemption : Interest-Bearing Debt/Cash Flows from Operating Income
Interest Coverage Ratio : Cash Flows from Operating Income/Interest Payments

1. All the data above are determined on the consolidated basis.
2. Market Capitalization : Stock Price at fiscal year-end × Number of Stocks Outstanding at fiscal year-end (after deduction of treasury stocks)
3. Cash Flows from Operating Income is used. Interest-Bearing Debt includes all the liabilities with interest listed on the balance sheet.
4. Debt Redemption Years and Interest Coverage Ratios for fiscal years 2004, 2005 and 2007 are not shown because Cash Flows from Operating Income were 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.

As for the year-end per-share dividend for this period, we plan to pay 25 yen of common dividend.

For 2008, we plan to pay 25 yen of common year-end per-share dividend in expectation of the results shown in

"(1) Analysis of Operating Results, 1. Operating Results" on page 4.

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

(4) Risks in Business Operation

Listed below are the possible main risk factors and the other important matters concerning our Group's business operations. The Company recognize well enough the possibilities of the occurrence of these risks and will try its best to avoid them and respond properly to them in case of occurrence, but also consider it necessary that decisions of investing concerning our Company's stock be made after a deliberate examination of the items 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 developing 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 area 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 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 partners 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 made up to that point may affect the Group's performance.

② Effects concerning intellectual property rights:

The Group pays special attention to 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 measures to protect the Company's interest. If there should be a lawsuit over such rights with a third party at home or abroad, however, it may affect the Group's performance.

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 and South Korea to deal with the overseas production bases 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 a new suitable sales structure upon changes in these customers' production and/or procurement policy; or (2) manifestation of any thread to its local staff and their families because of a sudden change in the political or economical circumstances, unexpected alteration in legislation or tax system, difficulty in employment and rapid rise in labor costs, natural disasters such as earthquakes, typhoons, floods, and infectious diseases including SARS and the bird flu, and social confusion such as terrorism or war, etc. in areas where such production base is located. These cases may affect the Group's performance.

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

The ratio of Group's overseas sales is tall since it has been actively expanding its global presence. Its exports are yen-based, in principle, for the purpose of avoiding the effects of exchange risks but some transactions are conducted in foreign currencies, where it seeks to hedge exchange risks by means of forward exchange contracts upon receiving orders. Nevertheless, price movements through sudden exchange rate fluctuations may affect the Group's performance. In addition, it is a common practice in transactions with foreign companies that payments are delayed, and there may arise a problem in ensuring 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 performance.

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. An example is the introduction of Quality Control Management ISO9001 into the distribution department, which takes charge of procurement to shipment, and manufacturing department, which takes charge of development to manufacturing. 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 performance due to lowered reliability of its products or a damage claim.

⑥ Dealing contract:

The Group may contract responsibilities for recall compensation, confidentiality, compliance with laws and regulations, and management of substances of concern in a basic dealing agreement in conducting stable and continuous business transactions. It has implemented special measures to include these responsibilities in such contracts if necessary with greatest care and ask its suppliers to make a similar agreement, too, but in case it should incur liability for damages, it may affect the Group's performance. Additionally, in individual agreements, there are cases where the Group as a trader places an advance order for part of products for the purpose of maintaining and expanding its business opportunities, in preparation for requests from customers to deliver the products on shorter lead times, but In case of failing to sell out such products and accumulating residual inventories because of an adverse market climate or obsolescence due to technological innovations, it may affect the Group's performance.

⑦ Influences of market fluctuation:

Our electronics markets, above all those of semiconductors, optical devices and flat panel displays are expected to continue to grow further as they are key devices in the proliferation of IT/digital appliances moving forward. They have, however, experienced several times of market contractions due to temporary changes in business climate or adjustments of supply and demand both at home and overseas. Our main customers also belong to this industry and therefore a sudden shrink of the market may affect the Group's performance.

⑧ Maintaining marketing rights:

The Group acts as an agent for not only domestic but also overseas advanced manufacturers in such countries as the US, the UK, South Korea, Taiwan, and Israel, providing many companies both at home and overseas with cutting-edge products. It strives to ensure their long-lasting stability and extend 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 performance.

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

Exporting such electronic equipment and components, semiconductor manufacturing equipment, and flat panel display manufacturing equipment as the Group deals in, as well as certain technologies relating to equipment, requires permission of the Minister of Economy, Trade and Industry under the Foreign Exchange and Foreign Trade Control Law. The Company has established regulations for security export control to ensure thorough control, but in the event that it should violate these, a criminal penalty imposed may affect the Group's performance. Moreover, a revision of the Foreign Exchange and Foreign Trade Control Law or other laws or regulations may also affect the Group's performance because applicable scopes may be changed.

2. Outline of Daitron Corporate Group

This Company's corporate group, consisting of Daito Electron Co., Ltd. ("the Company") and 12 consolidated subsidiaries (of which 6 are located overseas), is mainly engaged in the sale/manufacture and import/export of electronic equipment and components (such as electronic parts & assembly products, semiconductors, function products, image-related equipment and parts, information system and other electronic equipment and components), manufacturing equipment (for optical devices, LSI's, flat panel displays and electronic materials), and other electronics products.

(1) Daito Electron Co., Ltd.:

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

(2) Domestic Affiliates:

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

Daitron Technology Co., Ltd. engages in developing, manufacturing and sales of manufacturing equipment for optical devices, LSI's, flat panel displays as well as electronic equipment and components such as under water connectors, glass hermetic connectors, and others.

Daito Denso Co., Ltd. engages in development, manufacturing, and sales of electronic equipment and components such as design and fabrication of cable harnesses, modification/development & manufacture and assembly/wiring of CCD cameras and testers, and issuance and contract manufacturing of contactless IC cards.

AS Daito Co., Ltd. engages in sales of electronic equipment and components such as information equipment, audio-visual systems, and home/business AV equipment,

Kontron Technology Japan Co., Ltd. engages in import/export and sales of electronic equipment and components such as embedded systems (embedded boards).

Takawa Industry Co., Ltd. engages in assembly of electronic equipment and components such as cable harnesses and all the other associated work.

(3) Overseas Affiliates:

The Company has six consolidated subsidiaries overseas.

Daitron Inc. engages in manufacturing, sales and import/export of electronic equipment and components as well as manufacturing equipment for LSI's and electronic materials 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 LSI's and electronic materials, etc. for the Malaysian and other Southeast Asian markets.

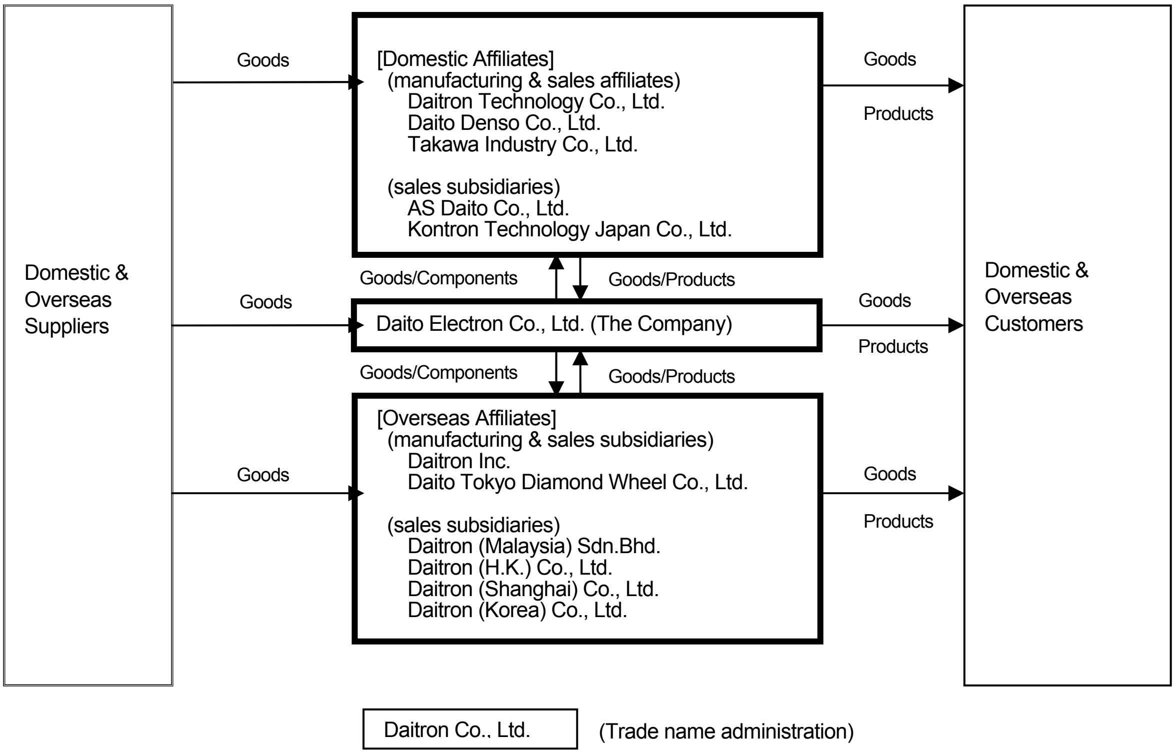
Daitron (H.K.) Co., Ltd. engages in sales of electronics equipment and components, etc. for the Chinese and Southeast Asian markets.

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

Daitron (Korea) Co., Ltd. engages in sales of electronic equipment and components, sales of manufacturing equipment such as those for optical devices, LSI's, flat panel displays and electronic materials as well as research & development and sales of software products for the Korean and other East Asian markets.

Daito Tokyo Diamond Wheel Co., Ltd. engages in manufacturing, sales and reclaiming of grinding wheels for electronic materials manufacturing equipment and flat panel display manufacturing equipment for the Southeast Asian market.

The chart below shows the flow of our businesses.



(Note) The Company acquired AS Daito Co., Ltd. as of January 1, 2008, for the purpose of enhanced sales strength, reduced fixed costs, and improved business efficiency by integrating overlapping management resources in the information system business.

3. Management Policy

(1) Basic Management Policy

The Daitron Group ("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 compliance and contribution to society as our basic corporate attitude. In addition, it is also our basic policy to pursue "a line of fully integrated manufacturing and sales unit" with "the manufacturing function" leading to more added value and improved profitability, on top of the marketing capabilities and the logistics function as an "engineering trading company".

(2) Management Target

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 to appropriately embody customer needs capitalizing on its strengths of "Organization as a fully integrated manufacturing and sales unit," "Foresight and marketing ability of an engineering trading company," "Well-balanced business structure," "Industry-leading logistics service," and "Trusted customer assets and a large number of accounts."

Additionally, the Group will endeavor to increase the shareholder value with Return on Equity (ROE) targeted at 16% as our present management index.

(3) Medium- and Long-term Management Strategies

The Group has developed its 6th Three-Year Management Plan for fiscal 2008-2010 and established the Group Statement "Coordinator for the NEXT (Always creating a next proposal and seeking a stage for further growth)."

Further, with the core competence and management strategy as shown below, we will aim to be a highly profitable company by providing solutions to a wide range of technical/managerial problems of our customers in our worldwide electronics industry.

○ Core Competence of the Group:
- Trading function carrying merchandise from equipment to production goods
- Manufacturing function at development-design-manufacture, assembly, and maintenance
- Engineering strength for product modularization and systematization
- "Engineering trading company" capable of developing and offering technical/managerial solutions

○ Strategy Policy of the Group:
- Global deployment of sales and service bases
- Enhancement of coordinating capabilities capitalizing on partnerships with suppliers
- Value creation promoted by a high level of technical response capabilities

(4) Issues to Address

As seen in the soaring oil and material prices and the tailspin in financial and securities markets starting from the U.S. subprime lending issue, the world's economy is adding to a mood of uncertainty over future prospects.

Under these circumstances, the Group will proceed with the profit-oriented and cash flow-oriented management based on the abovementioned basic policies and management strategies.

Since its main line of business is manufacturing and sale of industrial electronic products such as electronic equipment/components and semiconductor manufacturing equipment, the Group's business performance is considerably affected by the trends of the capital investments in semiconductors and LCD panels, etc. We are, therefore, to be a highly profitable company, making active efforts to enter new markets and introduce new products for the purpose of diversifying this risk by further promoting the "product segment strategy", which provides us with a lateral way of operating, in addition to the existing area strategy plus "the original products strategy integrating the manufacturing and sales functions" in concert with our Group manufacturers.

Consolidated Financial Statements for the 12-month Period Ended December 31, 2007

1. Consolidated Balance Sheet

(Unit: thousand yen)

	at December 31, 2006			at December 31, 2007			yr/ yr
Items	Amount		%	Amount		%	Increase (decrease)
(Assets)							
Ⅰ Current assets							
1. Cash and deposits *1		7,013,865			4,637,710		(2,376,154)
2. Notes and accounts receivable - Trade *2		14,173,292			14,554,210		(380,918)
3. Inventories		2,942,636			3,269,073		326,436
4. Deferred tax assets		150,867			143,358		(7,509)
5. Other current assets		663,593			1,024,623		361,029
6. Allowance for doubtful accounts		(9,282)			(4,495)		4,787
Total current assets		24,934,971	78.3		23,624,480	76.5	(1,310,491)
Ⅱ Fixed assets							
(1)Tangible fixed assets							
1. Buildings and structures	3,322,447			3,750,467			
Accumulated depreciation	1,470,920	1,851,527		1,613,134	2,137,333		285,805
2. Machinery, equipment and vehicles	554,193			560,237			
Accumulated depreciation	422,154	132,038		424,327	135,910		3,871
3. Land		1,881,322			1,881,322		—
4. Other tangible fixed assets	982,370			992,274			
Accumulated depreciation	773,449	208,920		783,773	208,501		(419)
Total tangible fixed assets		4,073,809	12.8		4,363,066	14.1	289,257
(2)Intangible fixed assets							
1. Goodwill		175,027			130,081		(44,946)
2. Other intangible fixed assets		95,656			201,918		106,262
Total intangible fixed assets		270,684	0.8		332,000	1.1	61,316
(3)Investments and other assets							
1. Investment securities *1		1,048,259			1,125,362		77,103
2.Long-term loans receivable		1,274			—		(1,274)
3. Long-term loans receivable from employees		5,230			2,521		(2,708)
4. Deferred tax assets		555,934			512,203		(43,730)
5. Other assets		981,027			937,300		(43,726)
6. Allowance for doubtful accounts		(25,085)			(23,786)		1,298
Total investments and other assets		2,566,639	8.1		2,553,602	8.3	(13,036)
Total fixed assets		6,911,133	21.7		7,248,669	23.5	337,536
Total assets		31,846,105	100.0		30,873,150	100.0	(972,955)

(Unit: thousand yen)

Items	at December 31, 2006 Amount	%	at December 31, 2007 Amount	%	yr/ yr Amount
(Liabilities)					
Ⅰ Current liabilities					
1. Notes and accounts payable - trade *2	14,129,225		13,055,105		(1,074,119)
2. Debentures payable due within one year	300,000		—		(300,000)
3. Short-term loans payable	568,462		271,558		(296,903)
4. Long-term loans payable due within one year	104,620		789,620		685,000
5. Accrued Income taxes, etc.	815,753		523,303		292,450
6. Deferred tax liabilities	—		2,570		2,570
7. Other current liabilities	942,202		923,277		(18,925)
Total current liabilities	16,860,264	52,9	15,565,436	50.4	(1,294,827)
Ⅱ Fixed liabilities					
1. Debentures	300,000		300,000		—
2. Long-term loans payable	865,095		375,475		(489,620)
3. Allowance for employees' retirement benefits	1,203,143		1,202,833		(309)
4. Allowance for directors' and auditors' retirement benefits	389,596		297,263		(92,333)
5. Deferred tax liabilities	—		132		132
6. Other fixed liabilities	—		78,089		78,089
Total fixed liabilities	2,757,834	8.7	2,253,793	7.3	(504,040)
Total liabilities	19,618,099	61.6	17,819,230	57.7	(1,798,868)
(Net Assets)					
Ⅰ Shareholders' equity					
1. Common stock	2,200,708		2,200,708		—
2. Capital surplus	2,501,686		2,505,533		3,847
3. Retained earnings	7,287,999		8,178,603		890,604
4. Treasury stock	(69,061)		(106,959)		(37,898)
Total shareholders' equity	11,921,332	37.4	12,777,885	41.4	856,553
Ⅱ Valuation and translation adjustments					
1. Net unrealized holding gains on securities	280,424		267,004		(13,419)
2. Deferred gains or losses on hedges	(1,099)		1,075		2,174
3. Foreign currency translation adjustments	27,349		7,953		(19,395)
Total valuation and translation adjustments	306,674	1.0	276,033	0.9	(30,640)
Total net assets	12,228,006	38.4	13,053,919	42.3	825,913
Total liabilities and net assets	31,846,105	100.0	30,873,150	100.0	(972,955)

2. Consolidated Statements of Income

(Unit: thousand yen)

Items	Previous FY Ended December 31, 2006 Amount		%	Current FY Ended December 31, 2007 Amount		%	yr/ yr Increase (decrease)
Ⅰ Net sales		53,950,738	100.0		53,444,375	100.0	(506,362)
Ⅱ Cost of sales		43,438,392	80.5		42,731,821	80.0	(706,571)
Gross profit		10,512,345	19.5		10,712,554	20.0	200,208
Ⅲ Selling, general and administrative expenses							
1. Transfer to allowance for doubtful accounts	670			—			
2.Salaries and bonuses	3,948,812			3,883,441			
3. Transfer to allowance for directors' and auditors' bonuses	105,450			58,000			
4. Transfer to allowance for directors' and auditors' retirement benefits	29,900			37,100			
5. Retirement benefit expenses	41,327			79,709			
6. Depreciation	219,003			240,536			
7. Amortization of goodwill	43,043			45,546			
8.Other selling, general and administrative expenses*3	3,986,445	8,374,652	15.5	4,132,717	8,477,050	15.8	102,398
Operating income		2,137,692	4.0		2,235,503	4.2	97,810
Ⅳ Non-operating income							
1. Interest income	14,937			23,059			
2. Dividend income	10,833			13,620			
3. Foreign exchange profit	4,013			—			
4. Gain on investment partnership	109,674			—			
5. Gain on insurance benefit	—			17,708			
6. Other non-operating income	38,062	177,521	0.3	52,219	106,607	0.2	(70,913)
Ⅴ Non-operating expenses							
1. Interest expense	50,829			49,452			
2. Loss on sale of trade notes	6,941			18,240			
3. Foreign exchange loss	—			28,358			
4. Equity in losses of affiliated companies carried by equity method	8,116			—			
5. Loss on investment partnership	—			18,667			
6. Other non-operating losses	28,131	94,019	0.2	33,121	147,840	0.3	53,821
Ordinary income		2,221,194	4.1		2,194,270	4.1	(26,924)

	Previous FY Ended December 31, 2006			Current FY Ended December 31, 2007			yr/ yr
Items	Amount		%	Amount		%	Increase (decrease)
Ⅵ Extraordinary income							
1. Gain on sale of fixed assets *1	210,589			2,896			
2. Gain on sale of investment securities	80,534			—			
3. Reversal of allowance for subsidiaries' directors' and auditors' retirement benefits	—			2,200			
4. Reversal of allowance for doubtful accounts	15,312			868			
5. Gain on assignment of insurance agency business	—	306,436	0.6	22,000	27,965	0.0	(278,471)
Ⅶ Extraordinary losses				22, 388			
1. Loss on sale and retirement of fixed assets *2	51,165			22, 109			
2. Valuation loss on investment securities	—						
3. Impaired loss *4	—	51,165	0.1	21,901	66,399	0.1	15,234
Net income before taxes and other adjustments		2,476,466	4.6		2,155,835	4.0	(320,630)
Income, inhabitants and enterprise taxes	1,077,484			924,513			
Income taxes-deferred	(73,925)	1,003,559	1.9	64,257	988,771	1.8	(14,787)
Minority interests in income (loss) of consolidated subsidiaries		(4,256)	(0.0)		—	0.0	4,256
Net income (loss)		1,477,163	2.7		1,167,064	2.2	(310,099)

3. Consolidated Statement of Changes in Shareholders' Equity and Others

[Previous Fiscal Year Ended December 31, 2006] (Unit: thousand Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at December 31, 2005	2,200,708	2,482,896	6,033,679	(123,989)	10,593,294
Changes during the interim accounting period Surplus dividend*	—	—	(164,708)	—	(164,708)
Directors' and auditors' bonus by appropriation*	—	—	(58,135)	—	(58,135)
Net income	—	—	1,477,163	—	1,477,163
Purchase of treasury stock	—	—	—	(259)	(259)
Disposal of treasury stock	—	18,789	—	55,187	73,977
Changes in items other than shareholders' equity during fiscal year (net)	—	—	—	—	—
Total changes during fiscal year	—	18,789	1,254,319	54,928	1,328,037
Balance at December 31, 2006	2,200,708	2,501,686	7,287,999	(69,061)	11,921,332

	Valuation and translation adjustments				Minority interests	Total net assets
	Difference from evaluation of other investment securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at Dec 31, 2005	337,709	—	20,212	357,922	4,303	10,955,520
Change during the period Surplus dividend *	—	—	—	—	—	(164,708)
Directors' and auditors' bonuses *	—	—	—	—	—	(58,135)
Net income	—	—	—	—	—	1,477,163
Purchase of treasury stock	—	—	—	—	—	(259)
Disposal of treasury stock	—	—	—	—	—	73,977
Change in items other than shareholders' equity (net)	(57,285)	(1,099)	7,136	(51,247)	(4,303)	(55,551)
Total change	(57,285)	(1,099)	7,136	(51,247)	(4,303)	1,272,486
Balance at Dec 31, 2006	280,424	(1,099)	27,349	306,674	—	12,228,006

(Note) The items with * are those listed in the profit appropriation statement approved in the Company's and its consolidated subsidiaries' General Shareholders' Meeting held in March, 2006.

[Current Fiscal Year Ended December 31, 2007] (Unit: thousand Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at December 31, 2006	2,200,708	2,501,686	7,287,999	(69,061)	11,921,332
Changes during the interim accounting period					
Surplus dividend	—	—	(276,459)	—	(276,459)
Net income	—	—	1,167,064	—	1,167,064
Purchase of treasury stock	—	—	—	(65,654)	(65,654)
Disposal of treasury stock	—	3,847	—	27,755	31,603
Changes in items other than shareholders' equity during the interim accounting period (net)	—	—	—	—	—
Total changes during the interim accounting period	—	3,847	890,604	(37,898)	856,553
Balance at June 30, 2007	2,200,708	2,505,533	8,178,603	(106,959)	12,777,885

	Valuation and translation adjustments				Total net assets
	Difference from evaluation of other investment securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments	
Balance at Dec 31, 2006	280,424	(1,099)	27,349	306,674	12,228,006
Change during the period					
Surplus dividend *	—	—	—	—	(276,459)
Net income	—	—	—	—	1,167,064
Purchase of treasury stock	—	—	—	—	(65,654)
Disposal of treasury stock	—	—	—	—	31,603
Change in items other than shareholders' equity (net)	(13,419)	2,174	(19,395)	(30,640)	(30,640)
Total change	(13,419)	2,174	(19,395)	(30,640)	825,913
Balance at Dec 31, 2007	267,004	1,075	7,953	276,033	13,053,919

(Note) The items with * are those listed in the profit appropriation statement approved in the Company's and its consolidated subsidiaries' General Shareholders' Meeting held in March, 2007.

4. Consolidated Statement of Cash Flows

(Unit: thousand Yen)

Items	Previous FY Ended December 31, 2006 Amount	Previous FY Ended December 31, 2007 Amount	yr/ yr Increase (decrease)
Ⅰ Cash flows from operating activities			
Net income before taxes and adjustments	2,476,466	2,155,835	(320,630)
Depreciation and amortization	336,073	348,969	12,896
Amortization of goodwill	43,043	45,546	2,503
Interest and dividend income	(25,770)	(36,680)	(10,909)
Interest expense	50,829	49,452	(1,377)
Gain on investment partnership	(109,674)	—	109,674
Loss on investment partnership	—	18,667	18,667
Gain on assignment of insurance agent business	—	(22,000)	(22,000)
Equity method investment loss	8,116	—	(8,116)
Gain/(loss) on sale of investment securities	(80,534)	—	80,534
Valuation loss on investment securities	—	22,109	22,109
Gain/(loss) on sale and retirement of tangible fixed assets	(159,424)	19,491	178,916
Impairment loss	—	21,901	21,901
Decrease/(increase) in accounts receivable	1,420,267	(281,288)	(1,701,556)
Decrease/(increase) in inventories	(316,459)	(336,997)	(20,537)
Increase in trade accounts payable	1,964,149	(1,061,121)	(3,025,270)
Others	(106,807)	(551,218)	(444,410)
Sub-total	5,500,274	392,669	(5,107,604)
Interest and dividend received	25,613	36,631	11,018
Interest paid	(43,512)	(50,631)	(7,118)
Income and other taxes paid	(568,383)	(1,217,044)	(648,661)
Net cash provided by/(used in) operating activities	4,913,992	(838,373)	(5,752,366)
Ⅱ Cash flows from investing activities			
Payment for time deposits	(20,000)	—	20,000
Payment for purchase of tangible fixed assets	(252,083)	(673,616)	(421,532)
Proceeds from sale of tangible fixed assets	429,365	7,457	(421,908)
Payment for purchase of investment securities	(16,657)	(147,752)	(131,094)
Proceeds from sale of investment securities	128,980	—	(128,980)
Payment for purchase of a newly consolidated subsidiary's stocks	(5,875)	—	5,875
Proceeds from investment partnership dividends	141,497	—	(141,497)
Proceeds from assignment of insurance agent business	—	22,000	22,000
Others	(5,677)	(13,097)	(7,419)
Net cash provided by/(used in) investing activities	399,549	(805,008)	(1,204,558)
Ⅲ Cash flows from financing activities			
Net increase/(decrease) in short-term loans payable	(2,086,223)	(285,137)	1,801,086
Proceeds from long-term loans payable	—	300,000	300,000
Repayment of long-term loans payable	(249,620)	(104,620)	145,000
Retirement of debentures	—	(300,000)	(300,000)
Payments for purchase of treasury stock	(259)	(65,654)	(65,394)
Proceeds from disposal of treasury stock	75,007	31,603	(43,404)
Dividends paid	(164,708)	(276,459)	(111,750)
Other	—	(10,517)	(10,517)
Net cash provided by/(used in) financing activities	(2,425,805)	(710,785)	1,715,019

	Previous FY Ended December 31, 2006	Previous FY Ended December 31, 2007	yr/ yr
Items	Amount	Amount	Increase (decrease)
Ⅳ Effect of exchange rate changes on cash and cash equivalents	21,769	(21,985)	(43,755)
Ⅴ Increase/(decrease) in cash and cash equivalents	2,909,505	(2,376,154)	(5,285,660)
Ⅵ Cash and cash equivalents at beginning of period	4,074,359	6,983,865	2,909,505
Ⅶ Cash and cash equivalents at end of period	6,983,865	4,607,710	(2,376,154)

Significant Matters Fundamental to Prepare Consolidated Financial Statements

1. Matters regarding Scope of Consolidation

Previous FY Ended December 31, 2006	Current FY Ended December 31, 2007
The Company has 12 subsidiaries, all of which are consolidated. (Main consolidated subsidiaries) Daitron Technology Co., Ltd. Daito Denso Co., Ltd. AS Daito Co., Ltd. Daitron Inc. Daitron (Malaysia) Sdn. Bhd. Daitron (H.K.) Co., Ltd. Daitron (Shanghai) Co. Daitron (Korea) Co., Ltd. Kontron Technology Japan Co., Ltd. Daito Tokyo Diamond Wheel Co., Ltd. Kontron Technology Japan Co., Ltd., which had been an equity method affiliate, turned into a consolidated subsidiary by the Company's additional acquisition of its shares during this fiscal year. Daitron (Korea) Co., Ltd., newly established, has been included in the scope of consolidation as from this fiscal year.	The Company has 12 subsidiaries, all of which are consolidated. (Main consolidated subsidiaries) Daitron Technology Co., Ltd. Daito Denso Co., Ltd. AS Daito Co., Ltd. Daitron Inc. Daitron (Malaysia) Sdn. Bhd. Daitron (H.K.) Co., Ltd. Daitron (Shanghai) Co. Daitron (Korea) Co., Ltd. Kontron Technology Japan Co., Ltd. Daito Tokyo Diamond Wheel Co., Ltd. The Company acquired a consolidated subsidiary AS Daito Co., Ltd. as of January 1, 2008.

2. Matters regarding application of equity method

Previous FY Ended December 31, 2006	Current FY Ended December 31, 2007
As a result of an equity method affiliate Kontron Technology Japan Co., Ltd. turning into a consolidated subsidiary, there exists no equity method affiliate in this fiscal year. Such stocks are regarded as additionally acquired as of the current interim period-end, and the equity method is applied to the income statement until this date.	―――――――

3. Matters regarding accounting periods of consolidated subsidiaries

Previous FY Ended December 31, 2006	Current FY Ended December 31, 2007
The closing dates of all the consolidated subsidiaries are the same as the consolidated closing date.	same as on the left

4. Matters regarding Accounting Standards

Previous FY Ended December 31, 2006	Current FY Ended December 31, 2007
(1) Evaluation standards and method for significant assets -Securities Other securities Securities with fair market value: At fair market value as of closing date (unrealized gains and losses on these securities are reported by the method entirely to charge or credit directly to equity. The sales costs are computed using the moving-average method.) Securities with no fair market value: At cost using moving-average method -Derivatives: At fair market value -Inventories: At cost by first-in first-out method (the cost or market by first-in first-out method for part of the consolidated subsidiaries)	-Securities Other securities Securities with fair market value: same as on the left Securities with no fair market value: same as on the left -Derivatives: same as on the left -Inventories: same as on the left

(2) Depreciation method for significant depreciable assets -Tangible fixed assets: Declining-balance method (straight-line method for overseas consolidated subsidiaries) Depreciation periods on Buildings and structures: Mostly 31-38 years	(2) Depreciation method for significant depreciable assets -Tangible fixed assets: Declining-balance method (straight-line method for overseas consolidated subsidiaries) Depreciation periods on Buildings and structures: Mostly 31-50 years (Change in accounting policy) With the Corporation Tax Law revised, the Company and its domestic consolidated subsidiaries shifted their depreciation method as from the current year to that under the new law for the tangible fixed assets (except buildings) acquired on or after April 1, 2007. The impact of this change on profit and loss will be minor.
(3) Reporting standards for significant allowance reserves -Allowance for doubtful accounts: In order to prepare for the losses from doubtful accounts, the amount of the estimated losses is booked as the allowance for doubtful accounts. Such amounts for general debts are estimated using the rate of occurrence of losses from bad debts in the past, and for certain specific doubtful accounts such as those with a high default risk, individually computed by inspecting each case.	-Allowance for doubtful accounts: same as on the left
-Allowance for employee's retirement benefits: In order to prepare for the payment of employee's retirement benefits, the Company appropriated the allowance based on the estimated amounts of the retirement benefit obligations at the closing date of the current term. Past service liability is recognized from the fiscal year of occurrence using the straight-line method over a certain number (3) of years which shall not be longer than the employees' average remaining service years at the time of occurrence. The actuarial difference is recognized as expenses from the following fiscal year of respective occurrence using the straight-line method over a certain number (10) of years which shall not be longer than the employees' average remaining service years at the time of occurrence.	-Allowance for employee's retirement benefits: same as on the left
-Allowance for directors' and auditors' retirement benefits: In order to prepare for the payment of the allowance for directors' and auditors' retirement benefits, the amount necessary at the year-end is booked according to the Company's internal rules. Basis for translating significant assets or liabilities in foreign currency into Japanese currency: Monetary claims and debts in foreign currencies are translated into Japanese yen at the spot exchange rate at the closing date, and the exchange differences are accounted for as	-Allowance for directors' and auditors' retirement benefits: same as on the left

gains or losses for the term. Overseas subsidiaries' assets or liabilities are translated into Japanese yen at the spot exchange rate at the closing date, the profits and expenses are translated at the average rate, and the exchange differences are accounted for including the foreign exchange adjustment account under the shareholders' equity.	
(4) Translating standards for significant assets or liabilities in foreign currencies into Japanese currency: Monetary claims and debts in foreign currencies are translated into Japanese yen at the spot exchange rate at the consolidated closing date with the exchange differences accounted for as gains or losses for the term. Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate at the consolidated closing date, and gains and expenses are translated into Japanese yen at the average rate during term. The translation adjustments are included in Foreign currency translation adjustments under Net assets.	same as on the left
(5) Significant lease transactions: Financing leases other than those where the ownership of the leased property is deemed to pass to the lessee are accounted for in the same manner as for ordinary leases.	same as on the left
(6) Method of significant hedge accounting : -Method of hedge accounting: The deferral hedge procedure is adopted. The forward exchange contracts meeting the requirements are translated on the basis of yen value cash flow basis.	-Method of hedge accounting: same as on the left
-Hedging instrument, object, and policy: An exchange rate fluctuation risk is hedged according to the Company's internal rule "Forward Exchange Contract Standards." The hedged objects and hedging instruments applied hedge accounting to during the current period are as follows; a)hedging instruments: forward exchange contract b)hedged objects: accounts receivable in foreign currencies accounts payable in foreign currencies forecasted transaction in foreign currencies	-Hedging instrument, hedged object, and hedging policy: same as on the left a)hedging instruments: same as on the left b)hedged objects: same as on the left
-Method of evaluating hedging effectiveness: Based on the fluctuation rate obtained from comparison between the market-values of hedged objects and those of hedging instruments.	-Method of evaluating hedging effectiveness: same as on the left
(7) Accounting of consumption tax, etc: The tax-exclusive method is adopted	same as on the left

5. Matters regarding evaluation of consolidated subsidiaries' assets and liabilities

Previous FY Ended December 31, 2006	Current FY Ended December 31, 2007
The full market method is adopted.	same as on the left

6. Matters regarding amortization of goodwill and negative goodwill

Previous FY Ended December 31, 2006	Current FY Ended December 31, 2007
Amortized equally over 10 years.	same as on the left

7. Matters regarding the scope of funds in consolidated cash flow statement

Previous FY Ended December 31, 2006	Current FY Ended December 31, 2007
Includes cash on hand, deposits cashable at any time and easily cashable short-term investments due in 3 months from the date of acquisition with only a small risk of value change.	same as on the left

Change in Significant Matters Fundamental to Prepare Consolidated Financial Statements

Previous FY Ended December 31, 2006	Current FY Ended December 31, 2007
(Accounting standards regarding depreciation of fixed assets) "Accounting Standards regarding depreciation of fixed assts" ("Opinions on Setting of the Accounting Standards regarding depreciation of fixed assts" - the Business Accounting Council; August 9, 2002) and "Guideline for Application of the Accounting Standards regarding depreciation of fixed assts" (Guideline for Application of the Accounting Standards No.6; October 31, 2003) are applied from this accounting period. There is no impact thereof on profit and loss.	―――――
(Accounting standards regarding directors' bonuses) "Accounting Standards regarding Directors' Bonuses" ("Accounting Standards No.4; November 29, 2005) are applied from this accounting period. Consequently, Selling, general and administrative expenses increased and Operating income, Ordinary income and Net income before taxes and other adjustments decreased by 105,450 thousand yen, respectively.	―――――
(Accounting standards regarding representation of Net Assets in Balance Sheet) "Accounting Standards regarding Representation of Net Assets in Balance Sheet" (Accounting Standards No.5; December 9, 2005) and "Guideline for Application of Representation of Net Assets in Balance Sheet" (Guideline for Application of the Accounting Standards No.8; December 9, 2005) are applied from this accounting period. The amount equivalent to the total previous Net assets is 12, 229,105 thousand yen. With the Rules for Consolidated Financial Statements revised, the portion of Net assets in the consolidated balance sheet for this period was prepared according to the new Rules.	―――――
(Accounting standards regarding stock options) "Accounting Standards regarding Stock Options" ("Accounting Standards No.8; December 27, 2005) and "Guideline for Application of the Accounting Standards regarding Stock Options" (Guideline for Application of the Accounting Standards No.11; December 27, 2005) are applied from this accounting period. There is no impact thereof on profit and loss.	―――――

Change in Representation Method

Previous FY Ended December 31, 2006	Current FY Ended December 31, 2007
(Consolidated balance sheet) "Consolidation adjustment account" shown until the previous accounting period is represented as "Goodwill" from this accounting period.	―――――
(Consolidated income statement) "Purchase discount" and "Rental income on real estate" shown under the Non-operating income until the previous accounting period is included in "Other non-operating income" because it is now less significant in amount. "Purchase discount" for this accounting period stood at 3,205 thousand yen, and "Rental income on real estate" 1,566 thousand yen. "Rental expense on real estate" shown under the Non-operating expenses until the previous accounting period is included in "Other non-operating losses" because it is now less significant in amount. "Rental expense on real estate" for this accounting period stood at 124 thousand yen. ―――――	(Consolidated income statement) "Loss on investment partnership" included in "Other non-operating losses" in the previous accounting period is represented as "Loss on investment partnership" from this accounting period because it is now more significant in amount. "Loss on investment partnership" for the previous accounting period stood at 2,276 thousand yen.
(Consolidated cash flow statement) "Amortization of consolidation adjustment account" shown until the previous accounting period is represented as "Amortization of goodwill" from this accounting period.	―――――

Additional Information

Previous FY Ended December 31, 2006	Current FY Ended December 31, 2007
(Consolidated statement of changes in shareholders' equity and others) "The Accounting Standards regarding Statement of Changes in Shareholders' Equity and Others" (The Accounting Standards No.6; December 27, 2005) and "The Guideline for Application of the Accounting Standards regarding Statement of Changes in Shareholders' Equity and Others" (The Guideline for Application of the Accounting Standards No.9; December 27, 2005) are applied from this accounting period.	―――――

(Segment Information)

a. Information by operating segment

[Previous Fiscal Year Ended December 31, 2006]

The Company and its consolidated subsidiaries are mainly engaged in the manufacture and sale of industrial electronic products. Net sales, operating income, and funds of this industry segment respectively account for more than 90% of the totals of all the segments. Information for this industry segment, therefore, is not shown here.

[Current Fiscal Year Ended December 31, 2007]

The Company and its consolidated subsidiaries are mainly engaged in the manufacture and sale of industrial electronic products. Net sales and operating income of this industry segment respectively account for more than 90% of the totals of all the segments. Information for this industry segment, therefore, is not shown here.

b. Information by location

[Previous Fiscal Year Ended December 31, 2006]

Net sales and funds in Japan respectively account for more than 90% of the totals of all the segments. Information for this industry segment, therefore, is not shown here.

[Current Fiscal Year Ended December 31, 2007]

Net sales in Japan account for more than 90% of the totals of all the segments. Information for this industry segment, therefore, is not shown here.

c. Overseas Sales

[Previous Fiscal Year Ended December 31, 2006] (Unit: thousand yen)

	North America	Europe	Asia	Total
Ⅰ Overseas sales	1,479,440	279,447	7,242,486	9,001,375
Ⅱ Consolidated sales	—	—	—	53,950,738
Ⅲ Percentage of overseas sales to consolidated sales	2.8%	0.5 %	13.4%	16.7%

[Current Fiscal Year Ended December 31, 2007] (Unit: thousand yen)

	North America	Europe	Asia	Total
Ⅰ Overseas sales	1,537,139	231,214	6,826,522	8,594,877
Ⅱ Consolidated sales	—	—	—	53,444,375
Ⅲ Percentage of overseas sales to consolidated sales	2.9%	0.4%	12.8%	16.1%

(Notes) 1. The regional divisions are based on geographic adjacency.
2. The regional breakdown is as follows:
① North America·········· The United States, etc.
② Europe····················· The United Kingdom, Germany, Italy, France, etc.
③ Asia Taiwan, China, South Korea, Hong Kong, Malaysia, Indonesia, etc.
3. Overseas sales are the total of sales by the Company and its consolidated subsidiaries in the countries and regions outside Japan (Inter-company sales between consolidated companies are not included).

(Per Share Data)

	Previous FY Ended December 31, 2006	Current FY Ended December 31, 2007
Net assets per share	¥1,105.77	¥1,181.76
Net income per share	¥134.08	¥105.40
Fully diluted net income per share	¥133.45	¥105.00

(Note) The bases of calculation of net income per share and diluted net income per share are as follows:

(Unit: thousand yen)

	Previous FY Ended December 31, 2006	Current FY Ended December 31, 2007
Net income per share		
Net income	1,477,163	1,167,064
Amount not applicable to common shareholders	—	—
(Directors' bonuses by appropriation of profit)	—	—
Net income applicable to common shares	1,477,163	1,167,064
Average number of shares during period	11,016,000 shares	11,073,000 shares
Fully diluted net income per share		
Adjustment to net income	—	—
Number of common shares increased	52,000 shares	41,000 shares
General description of residual securities not included in this calculation due to lack of dilutive effect	—	—

(Significant Subsequent Event)

Previous FY Ended December 31, 2006	Current FY Ended December 31, 2007
—	—

5. Production, Orders and Sales Information

(1) Production (Unit: thousand yen)

Operating segment	Previous FY Ended December 31, 2006		Current FY Ended December 31, 2007		Difference	
	Amount	%	Amount	%	Amount	%
Electronic equipment and components	5,563,490	62.1	4,612,978	55.9	(950,511)	(17.1)
Manufacturing equipment	3,398,184	37.9	3,642,632	44.1	244,448	7.2
Total	8,961,674	100.0	8,255,611	100.0	(706,063)	(7.9)

(Notes) 1. The amounts are based on sales prices.

2. Consumption tax, etc. are not included.

(2) Orders (Unit: thousand yen)

Operating segment	Previous FY Ended December 31, 2006		Current FY Ended December 31, 2007		Difference	
	Received	Backlog	Received	Backlog	Received	Backlog
Electronic equipment and components	35,952,661	4,640,120	34,047,835	4,985,321	(1,904,825)	345,200
Manufacturing equipment	22,187,176	12,058,499	17,096,942	9,413,699	(5,090,233)	(2,644,799)
Total	58,139,837	16,698,620	51,144,778	14,399,021	(6,995,059)	(2,299,599)

(Note) Consumption tax, etc. are not included.

(3) Sales (Unit: thousand yen)

Operating segment	Previous FY Ended December 31, 2006		Current FY Ended December 31, 2007		Difference	
	Amount	%	Amount	%	Amount	%
Electronic equipment and components	36,084,014	66.9	33,702,633	63.1	(2,381,380)	(6.6)
Manufacturing equipment	17,866,724	33.1	19,741,742	36.9	1,875,018	10.5
Total	53,950,738	100.0	53,444,375	100.0	(506,362)	(0.9)

(Notes) 1. Consumption tax, etc. are not included.

2. No single customer purchased from us 10% or more of the total sales.

* The individual financial results are omitted.