

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2014 (Based on Japanese GAAP)

May 8, 2014

Company name: IRISO ELECTRONICS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6908 URL <http://www.iriso.co.jp>
 Representative: President & CEO Toshiyuki Imazu
 Director & Executive Officer / General Manager of Administration Division Keiji Takeda TEL 045-478-3111
 Inquiries: Keiji Takeda
 Scheduled date of ordinary general meeting of shareholders: June 24, 2014
 Scheduled date to file Securities Report: June 24, 2014
 Scheduled date to commence dividend payments: June 25, 2014
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(1) Consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2014	32,838	32.5	5,635	119.9	6,233	103.6	4,399	139.0
Year ended March 31, 2013	24,788	4.5	2,562	(7.1)	3,061	15.1	1,840	1.0

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2014	384.37	–	16.1	17.8	17.2
Year ended March 31, 2013	160.83	–	8.0	9.7	10.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2014	37,336	29,960	80.2	2,616.15
As of March 31, 2013	32,810	24,548	74.8	2,143.97

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2014	6,218	(2,469)	(2,167)	7,634
Year ended March 31, 2013	3,887	(2,091)	(580)	5,773

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2013	–	0.00	–	20.00	20.00	228	12.4	1.0
Year ended March 31, 2014	–	0.00	–	40.00	40.00	457	10.4	1.7
Year ending March 31, 2015 (Forecast)	–	–	–	40.00	40.00		10.2	

3. Forecast of consolidated financial results for the year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2014	17,000	9.8	2,800	11.5	2,750	(3.8)	2,100	0.9	183.47
Full year	35,000	6.6	6,230	10.5	6,000	(3.7)	4,500	2.3	393.16

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2014

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

Yes

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements after error corrections:

No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2014	12,291,849 shares	As of March 31, 2013	12,291,849 shares
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Number of treasury shares at the end of the period

As of March 31, 2014	846,151 shares	As of March 31, 2013	846,123 shares
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Average number of shares during the period

Year ended March 31, 2014	11,445,724 shares	Year ended March 31, 2013	11,445,748 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2013	As of March 31, 2014
Assets		
Current assets		
Cash and deposits	5,773,849	7,634,181
Notes and accounts receivable - trade	6,973,785	8,434,752
Merchandise and finished goods	3,235,344	3,775,093
Work in process	93,209	134,330
Raw materials and supplies	1,276,021	1,190,112
Deferred tax assets	246,159	364,740
Other	536,867	677,010
Allowance for doubtful accounts	(15,663)	(20,522)
Total current assets	18,119,573	22,189,698
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,607,660	3,770,308
Accumulated depreciation	(1,721,910)	(1,915,926)
Buildings and structures, net	1,885,749	1,854,382
Machinery, equipment and vehicles	12,275,646	13,895,256
Accumulated depreciation	(5,542,322)	(6,945,206)
Machinery, equipment and vehicles, net	6,733,323	6,950,049
Tools, furniture and fixtures	10,170,875	10,998,198
Accumulated depreciation	(7,372,343)	(8,096,978)
Tools, furniture and fixtures, net	2,798,531	2,901,220
Land	827,598	827,598
Construction in progress	1,110,429	1,422,428
Total property, plant and equipment	13,355,633	13,955,679
Intangible assets		
Software	523,394	320,503
Other	78,208	83,373
Total intangible assets	601,602	403,877
Investments and other assets		
Investment securities	306,720	330,189
Other	482,938	512,899
Allowance for doubtful accounts	(56,451)	(56,045)
Total investments and other assets	733,207	787,044
Total non-current assets	14,690,443	15,146,601
Total assets	32,810,017	37,336,299

(Thousands of yen)

	As of March 31, 2013	As of March 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,560,854	2,819,659
Short-term loans payable	2,212,317	514,600
Current portion of long-term loans payable	61,542	56,808
Income taxes payable	479,962	614,672
Provision for bonuses	204,368	247,809
Other	1,668,875	2,007,847
Total current liabilities	7,187,920	6,261,396
Non-current liabilities		
Long-term loans payable	407,078	350,270
Provision for retirement benefits	505,487	-
Provision for directors' retirement benefits	154,275	165,125
Net defined benefit liability	-	591,963
Other	7,189	6,598
Total non-current liabilities	1,074,029	1,113,957
Total liabilities	8,261,950	7,375,354
Net assets		
Shareholders' equity		
Capital stock	5,640,059	5,640,059
Capital surplus	6,781,965	6,781,965
Retained earnings	12,579,411	16,747,565
Treasury shares	(602,558)	(602,701)
Total shareholders' equity	24,398,878	28,566,889
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(4,590)	9,575
Foreign currency translation adjustment	144,952	1,376,044
Remeasurements of defined benefit plans	-	(8,817)
Total accumulated other comprehensive income	140,361	1,376,803
Minority interests	8,827	17,253
Total net assets	24,548,067	29,960,945
Total liabilities and net assets	32,810,017	37,336,299

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net sales	24,788,814	32,838,024
Cost of sales	17,161,155	21,172,964
Gross profit	7,627,658	11,665,060
Selling, general and administrative expenses		
Haulage expenses	704,239	1,060,818
Directors' compensations	97,537	93,838
Salaries and allowances	1,256,874	1,440,746
Provision for bonuses	121,419	128,218
Retirement benefit expenses	91,816	79,142
Provision for directors' retirement benefits	9,850	10,850
Welfare expenses	258,875	308,272
Traveling and transportation expenses	182,318	221,226
Communication expenses	77,113	87,842
Rent expenses	154,355	171,807
Supplies expenses	28,585	35,301
Research and development expenses	797,026	841,017
Other	1,284,844	1,550,151
Total selling, general and administrative expenses	5,064,856	6,029,234
Operating income	2,562,802	5,635,825
Non-operating income		
Interest income	6,034	7,612
Dividend income	6,693	3,748
Foreign exchange gains	618,088	631,904
Other	16,483	25,120
Total non-operating income	647,300	668,385
Non-operating expenses		
Interest expenses	25,468	17,703
Intellectual property related loss	30,626	-
Repair related cost burden charge	48,300	-
Loss on valuation of golf club membership	-	8,339
Compensation expenses	-	15,502
Other	44,128	29,105
Total non-operating expenses	148,523	70,651
Ordinary income	3,061,579	6,233,559
Extraordinary income		
Gain on sales of non-current assets	5,882	-
Land Subsidy	9,561	9,561
Total extraordinary income	15,443	9,561
Extraordinary losses		
Loss on retirement of non-current assets	104,214	362,324
Loss on sales of non-current assets	7,389	-
Impairment loss	400,419	122,080
Total extraordinary losses	512,024	484,405
Income before income taxes and minority interests	2,564,998	5,758,714
Income taxes - current	834,838	1,489,533
Income taxes - deferred	(93,694)	(138,782)
Total income taxes	741,144	1,350,750
Income before minority interests	1,823,854	4,407,963
Minority interests in income (loss)	(16,932)	8,535
Net income	1,840,786	4,399,428

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Income before minority interests	1,823,854	4,407,963
Other comprehensive income		
Valuation difference on available-for-sale securities	31,139	14,166
Foreign currency translation adjustment	1,642,412	1,230,982
Total other comprehensive income	1,673,552	1,245,149
Comprehensive income	3,497,406	5,653,113
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,512,617	5,644,687
Comprehensive income attributable to minority interests	(15,211)	8,425

Consolidated statements of changes in net assets

Fiscal year ended March 31, 2013

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,640,059	6,781,965	10,919,800	(602,489)	22,739,335
Changes of items during period					
Dividends of surplus			(171,686)		(171,686)
Net income			1,840,786		1,840,786
Other			(9,488)		(9,488)
Purchase of treasury shares				(69)	(69)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,659,611	(69)	1,659,542
Balance at end of current period	5,640,059	6,781,965	12,579,411	(602,558)	24,398,878

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	(35,730)	(1,495,738)	-	(1,531,469)	24,038	21,231,905
Changes of items during period						
Dividends of surplus						(171,686)
Net income						1,840,786
Other						(9,488)
Purchase of treasury shares						(69)
Net changes of items other than shareholders' equity	31,139	1,640,690	-	1,671,830	(15,211)	1,656,619
Total changes of items during period	31,139	1,640,690	-	1,671,830	(15,211)	3,316,162
Balance at end of current period	(4,590)	144,952	-	140,361	8,827	24,548,067

Fiscal year ended March 31, 2014

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,640,059	6,781,965	12,579,411	(602,558)	24,398,878
Changes of items during period					
Dividends of surplus			(228,914)		(228,914)
Net income			4,399,428		4,399,428
Other			(2,360)		(2,360)
Purchase of treasury shares				(143)	(143)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	4,168,154	(143)	4,168,010
Balance at end of current period	5,640,059	6,781,965	16,747,565	(602,701)	28,566,889

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	(4,590)	144,952	-	140,361	8,827	24,548,067
Changes of items during period						
Dividends of surplus						(228,914)
Net income						4,399,428
Other						(2,360)
Purchase of treasury shares						(143)
Net changes of items other than shareholders' equity	14,166	1,231,092	(8,817)	1,236,441	8,425	1,244,867
Total changes of items during period	14,166	1,231,092	(8,817)	1,236,441	8,425	5,412,878
Balance at end of current period	9,575	1,376,044	(8,817)	1,376,803	17,253	29,960,945

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	2,564,998	5,758,714
Depreciation	2,317,254	2,743,531
Increase (decrease) in provision for bonuses	(8,728)	41,352
Increase (decrease) in provision for retirement benefits	77,538	-
Increase (decrease) in provision for directors' retirement benefits	2,850	10,850
Increase (decrease) in allowance for doubtful accounts	5,859	4,662
Increase (decrease) in net defined benefit liability	-	72,657
Interest income	(6,034)	(7,612)
Dividend income	(6,693)	(3,748)
Interest expenses	25,468	17,703
Foreign exchange losses (gains)	161,238	150,207
Loss on retirement of non-current assets	104,214	362,324
Impairment loss	400,419	122,080
Loss (gain) on sales of non-current assets	1,507	-
Decrease (increase) in notes and accounts receivable - trade	1,198,785	(696,548)
Decrease (increase) in inventories	480,857	(102,041)
Increase (decrease) in notes and accounts payable - trade	(2,287,712)	(774,056)
Decrease (increase) in consumption taxes refund receivable	94,046	(190,016)
Other, net	(646,587)	102,952
Subtotal	4,479,279	7,613,013
Interest and dividend income received	12,728	11,360
Interest expenses paid	(25,393)	(17,145)
Income taxes paid	(578,838)	(1,388,856)
Net cash provided by (used in) operating activities	3,887,776	6,218,372
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,307,588)	(2,427,265)
Proceeds from sales of property, plant and equipment	23,929	-
Purchase of intangible assets	(23,530)	(50,900)
Purchase of investment securities	(856)	(1,385)
Other, net	216,060	9,757
Net cash provided by (used in) investing activities	(2,091,985)	(2,469,794)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(351,640)	(1,875,709)
Repayments of long-term loans payable	(56,808)	(61,542)
Purchase of treasury shares	(69)	(143)
Cash dividends paid	(171,568)	(228,722)
Repayments of finance lease obligations	(381)	(1,231)
Other, net	404	-
Net cash provided by (used in) financing activities	(580,062)	(2,167,349)
Effect of exchange rate change on cash and cash equivalents	378,588	279,103
Net increase (decrease) in cash and cash equivalents	1,594,319	1,860,331
Cash and cash equivalents at beginning of period	4,179,529	5,773,849
Cash and cash equivalents at end of period	5,773,849	7,634,181