

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2014 (Based on Japanese GAAP)

November 5, 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 & Senior Executive Officer /
 Inquiries: General Manager of Administration Division Ikuo Yuki TEL 045-478-3111
 Scheduled date to file Quarterly Securities Report: November 5, 2014
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2014 (from April 1, 2014 to September 30, 2014)

(1) Consolidated financial results (cumulative)

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	%
Six months ended September 30, 2014	18,144	17.2	3,415	36.0	3,433	20.0	2,585	24.2
Six months ended September 30, 2013	15,480	26.9	2,512	72.0	2,860	122.9	2,082	122.2

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2014	225.89	–
Six months ended September 30, 2013	181.93	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2014	41,078	33,379	81.1	2,910.11
As of March 31, 2014	37,336	29,960	80.2	2,616.15

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2014	–	0.00	–	40.00	40.00
Year ending March 31, 2015	–	0.00	–	–	–
Year ending March 31, 2015 (Forecast)	–	–	–	40.00	40.00

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
Full year	36,000	9.6	6,700	18.9	6,700	7.5	4,800	9.1	419.37

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2014
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: No

(4) Number of issued shares (common shares)

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

As of September 30, 2014	12,291,849 shares	As of March 31, 2014	12,291,849 shares
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Number of treasury shares at the end of the period

As of September 30, 2014	846,151 shares	As of March 31, 2014	846,151 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2014	11,445,698 shares	Six months ended September 30, 2013	11,445,726 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	7,634	9,137
Notes and accounts receivable - trade	8,434	9,362
Merchandise and finished goods	3,775	3,814
Work in process	134	49
Raw materials and supplies	1,190	1,277
Deferred tax assets	364	389
Other	677	813
Allowance for doubtful accounts	(20)	(26)
Total current assets	22,189	24,818
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,770	3,866
Accumulated depreciation	(1,915)	(2,028)
Buildings and structures, net	1,854	1,838
Machinery, equipment and vehicles	13,895	15,459
Accumulated depreciation	(6,945)	(7,801)
Machinery, equipment and vehicles, net	6,950	7,658
Tools, furniture and fixtures	10,998	11,586
Accumulated depreciation	(8,096)	(8,507)
Tools, furniture and fixtures, net	2,901	3,079
Land	827	827
Construction in progress	1,422	1,749
Total property, plant and equipment	13,955	15,153
Intangible assets		
Software	320	221
Other	83	87
Total intangible assets	403	308
Investments and other assets		
Investment securities	330	362
Other	512	491
Allowance for doubtful accounts	(56)	(55)
Total investments and other assets	787	798
Total non-current assets	15,146	16,260
Total assets	37,336	41,078

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,819	3,103
Short-term loans payable	514	416
Current portion of long-term loans payable	56	56
Income taxes payable	614	452
Provision for bonuses	247	400
Other	2,007	2,174
Total current liabilities	6,261	6,604
Non-current liabilities		
Long-term loans payable	350	321
Provision for directors' retirement benefits	165	167
Net defined benefit liability	591	597
Other	6	7
Total non-current liabilities	1,113	1,094
Total liabilities	7,375	7,698
Net assets		
Shareholders' equity		
Capital stock	5,640	5,640
Capital surplus	6,781	6,781
Retained earnings	16,747	18,868
Treasury shares	(602)	(602)
Total shareholders' equity	28,566	30,688
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9	30
Foreign currency translation adjustment	1,376	2,597
Remeasurements of defined benefit plans	(8)	(7)
Total accumulated other comprehensive income	1,376	2,620
Minority interests	17	71
Total net assets	29,960	33,379
Total liabilities and net assets	37,336	41,078

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	15,480	18,144
Cost of sales	10,070	11,496
Gross profit	5,410	6,647
Selling, general and administrative expenses	2,898	3,232
Operating income	2,512	3,415
Non-operating income		
Interest income	4	4
Dividend income	1	1
Foreign exchange gains	352	13
Other	30	8
Total non-operating income	389	28
Non-operating expenses		
Interest expenses	11	4
Compensation expenses	14	0
disposal of scrap	6	–
Other	8	4
Total non-operating expenses	41	10
Ordinary income	2,860	3,433
Extraordinary income		
Gain on sales of non-current assets	–	0
Total extraordinary income	–	0
Extraordinary losses		
Loss on retirement of non-current assets	74	81
Loss on sales of non-current assets	–	0
Other	–	0
Total extraordinary losses	74	81
Income before income taxes and minority interests	2,786	3,352
Income taxes - current	819	726
Income taxes - deferred	(106)	(10)
Total income taxes	713	716
Income before minority interests	2,072	2,635
Minority interests in income (loss)	(9)	50
Net income	2,082	2,585

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	2,072	2,635
Other comprehensive income		
Valuation difference on available-for-sale securities	3	20
Foreign currency translation adjustment	577	1,225
Remeasurements of defined benefit plans, net of tax	–	1
Total other comprehensive income	580	1,247
Comprehensive income	2,653	3,882
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,662	3,828
Comprehensive income attributable to minority interests	(8)	54

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	2,786	3,352
Depreciation	1,311	1,368
Increase (decrease) in allowance for doubtful accounts	(0)	2
Increase (decrease) in provision for bonuses	32	148
Increase (decrease) in provision for retirement benefits	26	–
Increase (decrease) in provision for directors' retirement benefits	5	2
Increase(decrease) in net defined benefit liability	–	3
Interest and dividend income	(6)	(6)
Interest expenses	11	4
Foreign exchange losses (gains)	87	(54)
Loss on retirement of non-current assets	74	81
Loss (gain) on sales of non-current assets	–	0
Decrease (increase) in notes and accounts receivable - trade	(608)	(402)
Decrease (increase) in inventories	(183)	135
Increase (decrease) in notes and accounts payable - trade	(356)	(26)
Other, net	(312)	(143)
Subtotal	2,866	4,465
Interest and dividend income received	6	6
Interest expenses paid	(10)	(4)
Income taxes paid	(659)	(869)
Net cash provided by (used in) operating activities	2,203	3,598
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,125)	(1,707)
Proceeds from sales of property, plant and equipment	–	0
Purchase of intangible assets	(14)	(31)
Other, net	8	(0)
Net cash provided by (used in) investing activities	(1,130)	(1,739)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(836)	(93)
Repayments of long-term loans payable	(33)	(28)
Cash dividends paid	(228)	(457)
Repayments of lease obligations	(0)	(0)
Net cash provided by (used in) financing activities	(1,098)	(579)
Effect of exchange rate change on cash and cash equivalents	123	224
Net increase (decrease) in cash and cash equivalents	97	1,503
Cash and cash equivalents at beginning of period	5,773	7,634
Cash and cash equivalents at end of period	5,871	9,137