CONSOLIDATED FINANCIAL STATEMENTS

TAMURA CORPORATION

AS OF MARCH 31, 2013 AND 2012

Independent Auditor's Report

The Board of Directors
TAMURA CORPORATION

We have audited the accompanying consolidated financial statements of TAMURA CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TAMURA CORPORATION and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1(a).

Ernst & Young ShinNihon LLC

June 27, 2013
Tokyo, Japan

TAMURA CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	Millions of yen				Thousands of U.S. dollars (Note 1(a))	
	March 31,				March 31,	
	2013		2012		2013	
ASSETS						
Current Assets:						
Cash and bank deposits (Notes 3 and 5)	¥	10,105	¥	9,726	$	107,501
Notes and accounts receivable-trade (Notes 4 and 5)						
Non-consolidated subsidiaries and affiliates		581		1,164		6,180
Other		19,515		20,852		207,606
Allowance for doubtful accounts		(104)		(108)		(1,106)
		19,992		21,908		212,680
Inventories (Note 7)		11,322		11,009		120,447
Deferred tax assets (Note 14)		403		467		4,287
Other current assets		1,953		2,085		20,776
Total current assets		43,775		45,195		465,691
Investments and Other Assets:						
Securities in the non-current portfolio (Notes 5 and 6)		1,871		1,546		19,904
Investments in non-consolidated subsidiaries and affiliates		426		328		4,532
Deferred tax assets (Note 14)		716		698		7,617
Other assets		2,513		2,490		26,734
Total investments and other assets		5,526		5,062		58,787
Property, Plant and Equipment: (Notes 15 and 18)						
Land		6,662		6,624		70,872
Buildings and structures		15,400		14,872		163,830
Machinery and equipment		22,603		21,942		240,457
Lease assets		1,937		1,855		20,606
Construction in progress		366		9		3,894
		46,968		45,302		499,659
Accumulated depreciation		(29,611)		(28,555)		(315,010)
Net property, plant and equipment		17,357		16,747		184,649
Total assets	¥	66,658	¥	67,004	$	709,127

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	March 31,		March 31,
	2013	2012	2013
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term loans (Notes 5 and 8)	¥ 7,660	¥ 8,727	$ 81,489
Current portion of long-term debt (Notes 5 and 8)	6,057	140	64,436
Lease obligations (Notes 5 and 8)	446	501	4,744
Notes and accounts payable-trade (Notes 4 and 5)			
Non-consolidated subsidiaries and affiliates	289	280	3,074
Other	10,380	11,737	110,426
	10,669	12,017	113,500
Income tax payable	513	255	5,458
Accrued bonuses	774	853	8,234
Accrued bonuses for directors	7	56	75
Other current liabilities (Note 14)	3,564	2,271	37,915
Total current liabilities	29,690	24,820	315,851
Long-term Debt (Notes 5 and 8)	5,759	11,132	61,266
Lease Obligations (Notes 5 and 8)	836	940	8,894
Reserve for Retirement Benefits (Note 9)	1,750	1,868	18,617
Deferred Tax Liabilities (Note 14)	19	54	202
Other Long-term Liabilities	469	416	4,989
Commitment (Note 17)			
Net Assets			
Shareholders' Equity			
Common stock:	11,829	11,829	125,840
Authorized - 252,000,000 shares			
Issued and outstanding – 82,771,473 shares			
Additional paid-in capital	17,173	17,173	182,691
Retained earnings	1,471	2,727	15,649
Treasury stock, at cost (Note 11)	(278)	(289)	(2,957)
Total shareholders' equity	30,195	31,440	321,223
Accumulated Other Comprehensive Income			
Unrealized loss on securities	(10)	(298)	(106)
Deferred loss on hedges	(0)	(2)	(0)
Translation adjustments	(2,139)	(3,456)	(22,755)
Total accumulated other comprehensive income	(2,149)	(3,756)	(22,861)
Subscription Rights to Shares	89	90	946
Minority Interests	—	—	—
Total net assets	28,135	27,774	299,308
Total liabilities and net assets	¥ 66,658	¥ 67,004	$ 709,127

The accompanying notes are an integral part of these statements.

TAMURA CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(CONSOLIDATED STATEMENTS OF INCOME)

	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	Year ended March 31,		Year ended March 31,
	2013	2012	2013
Net Sales	¥ 68,913	¥ 77,240	$ 733,117
Operating Cost and Expenses:			
Cost of sales (Note 13)	51,237	58,421	545,074
Selling, general and administrative expenses (Notes 12 and 13)	17,114	17,403	182,064
	68,351	75,824	727,138
Operating income	562	1,416	5,979
Other Income (Expenses):			
Interest and dividend income	136	65	1,447
Equity in earnings of affiliates	31	14	329
Interest expense	(345)	(410)	(3,670)
Compensation expense	(137)	(2)	(1,457)
Foreign exchange gain (loss)	91	(292)	968
Gain on transfer of business	—	75	—
Special retirement expenses	(583)	(80)	(6,202)
Other income	262	242	2,787
Other expenses	(241)	(273)	(2,564)
	(786)	(661)	(8,362)
Income (loss) before income taxes and minority interests	(224)	755	(2,383)
Income Taxes (Note 14)			
Current	536	471	5,702
Deferred	7	136	74
	543	607	5,776
Income (loss) before minority interests	(767)	148	(8,159)
Minority Interests	—	(38)	—
Net income (loss)	¥ (767)	¥ 186	$ (8,159)
	Yen		U.S. dollars
Per Share:			
Basic net income (loss)	¥ (9.35)	¥ 2.39	$ (0.09)
Diluted net income	—	2.38	—
Cash dividends per share	3.00	6.00	0.03

The accompanying notes are an integral part of these statements.

(CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME)

	Millions of yen				Thousands of U.S. dollars (Note 1(a))	
	Year ended March 31,				Year ended March 31,	
	2013		2012		2013	
Income (loss) before minority interests	¥	(767)	¥	148	$	(8,159)
Other Comprehensive Income						
Unrealized gain on securities		288		39		3,064
Deferred gain (loss) on hedges		1		(1)		11
Translation adjustments		1,309		(454)		13,925
Share of other comprehensive income of affiliates accounted for using equity method		9		(21)		95
Total other comprehensive income (Note 10)		1,607		(437)		17,095
Comprehensive income	¥	840	¥	(289)	$	8,936
Total comprehensive income attributable to:						
Shareholders of the Company	¥	840	¥	(255)	$	8,936
Minority interests		—		(34)		—

The accompanying notes are an integral part of these statements.

TAMURA CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended March 31, 2013

		Millions of yen				
		Shareholders' equity				
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Treasury stock (Note 11)	Total shareholders' equity
Balance at April 1, 2012	82,771,473	¥ 11,829	¥ 17,173	¥ 2,727	¥ (289)	¥ 31,440
Increase due to exchange of shares			―			―
Dividends from surplus				(492)		(492)
Net income (loss)				(767)		(767)
Acquisition of treasury stock			―		(2)	(2)
Disposal of treasury stock				(0)	13	13
Other				3		3
Items other than changes in shareholders' equity						
Balance at March 31, 2013	82,771,473	¥ 11,829	¥ 17,173	¥ 1,471	¥ (278)	¥ 30,195

	Millions of yen						
	Accumulated other comprehensive income						
	Unrealized loss on securities	Deferred loss on hedges	Translation adjust-ments	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	Total net assets
Balance at April 1, 2012	¥ (298)	¥ (2)	¥ (3,456)	¥ (3,756)	¥ 90	¥ ―	¥ 27,774
Increase due to exchange of shares							―
Dividends from surplus							(492)
Net income (loss)							(767)
Acquisition of treasury stock							(2)
Disposal of treasury stock							13
Other			―	―			3
Items other than changes in shareholders' equity	288	2	1,317	1,607	(1)	―	1,606
Balance at March 31, 2013	¥ (10)	¥ (0)	¥ (2,139)	¥ (2,149)	¥ 89	¥ ―	¥ 28,135

For the year ended March 31, 2012

	Number of shares issued	Millions of yen Shareholders' equity Common stock	Additional paid-in capital	Retained earnings	Treasury stock (Note 11)	Total shareholders' equity
Balance at April 1, 2011	75,067,736	¥ 11,829	¥ 15,337	¥ 3,837	¥ (2,363)	¥ 28,640
Increase due to exchange of shares	7,703,737		1,841			1,841
Dividends from surplus				(454)		(454)
Net income				186		186
Acquisition of treasury stock					(46)	(46)
Disposal of treasury stock			(5)	(919)	2,120	1,196
Other				77		77
Items other than changes in shareholders' equity						
Balance at March 31, 2012	82,771,473	¥ 11,829	¥ 17,173	¥ 2,727	¥ (289)	¥ 31,440

	Millions of yen Accumulated other comprehensive income Unrealized loss on securities	Deferred loss on hedges	Translation adjust-ments	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	Total net assets
Balance at April 1, 2011	¥ (333)	¥ —	¥ (2,958)	¥ (3,291)	¥ 77	¥ 3,012	¥ 28,438
Increase due to exchange of shares							1,841
Dividends from surplus							(454)
Net income							186
Acquisition of treasury stock							(46)
Disposal of treasury stock							1,196
Other			(23)	(23)			54
Items other than changes in shareholders' equity	35	(2)	(475)	(442)	13	(3,012)	(3,441)
Balance at March 31, 2012	¥ (298)	¥ (2)	¥ (3,456)	¥ (3,756)	¥ 90	¥ —	¥ 27,774

For the year ended March 31, 2013

	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Treasury stock (Note 11)	Total shareholders' equity
		Thousands of U.S. dollars (Note 1(a))				
		Shareholders' equity				
Balance at April 1, 2012	82,771,473	$ 125,840	$ 182,691	$ 29,010	$ (3,074)	$ 334,467
Increase due to exchange of shares			—			—
Dividends from surplus				(5,234)		(5,234)
Net income (loss)				(8,159)		(8,159)
Acquisition of treasury stock			—		(21)	(21)
Disposal of treasury stock				(0)	138	138
Other				32		32
Items other than changes in shareholders' equity						
Balance at March 31, 2013	82,771,473	$ 125,840	$ 182,691	$ 15,649	$ (2,957)	$ 321,223

	Unrealized loss on securities	Deferred loss on hedges	Translation adjust-ments	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	Total net assets
	Thousands of U.S. dollars (Note 1(a))						
	Accumulated other comprehensive income						
Balance at April 1, 2012	$ (3,170)	$ (21)	$ (36,765)	$ (39,956)	$ 957	$ —	$ 295,468
Increase due to exchange of shares							—
Dividends from surplus							(5,234)
Net income (loss)							(8,159)
Acquisition of treasury stock							(21)
Disposal of treasury stock							138
Other			—	—			32
Items other than changes in shareholders' equity	3,064	21	14,010	17,095	(11)	—	17,084
Balance at March 31, 2013	$ (106)	$ (0)	$ (22,755)	$ (22,861)	$ 946	$ —	$ 299,308

The accompanying notes are an integral part of these statements.

TAMURA CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	Year ended March 31,		Year ended March 31,
	2013	2012	2013
Cash Flows from Operating Activities:			
Income (loss) before income taxes	¥ (224)	¥ 755	$ (2,383)
Depreciation	2,067	2,249	21,989
Increase (decrease) in reserve for retirement benefits	(168)	138	(1,787)
Increase in prepaid pension cost	(134)	(103)	(1,425)
Decrease in allowance for doubtful accounts	(55)	(127)	(585)
Loss (gain) on sales of investment securities	8	(10)	85
Write-down of investment securities	—	59	—
Interest and dividend income	(136)	(65)	(1,447)
Interest expense	345	410	3,670
Foreign exchange loss (gain)	(163)	275	(1,734)
Equity in earnings of affiliates	(31)	(14)	(329)
Decrease in accrued bonuses	(78)	(18)	(829)
Increase (decrease) in accrued bonuses for directors	(49)	29	(521)
(Increase) decrease in trade receivable	4,139	(3,071)	44,031
Decrease in inventories	603	54	6,414
Increase (decrease) in trade payable	(3,454)	872	(36,744)
Other, net	1,394	(774)	14,829
	4,064	659	43,234
Interest and dividends received	98	84	1,042
Interest paid	(352)	(422)	(3,745)
Income taxes paid	(179)	(518)	(1,904)
Net cash provided by (used in) operating activities	3,631	(197)	38,627
Cash Flows from Investing Activities:			
Purchase of tangible fixed assets	(1,900)	(2,028)	(20,212)
Proceeds from sale of tangible fixed assets	358	47	3,808
Purchase of investments in securities	(120)	(323)	(1,276)
Proceeds from sale of investments in securities	13	35	138
Increase in loans receivable	(95)	(16)	(1,010)
Other, net	29	106	308
Net cash used in investing activities	(1,715)	(2,179)	(18,244)
Cash Flows from Financing Activities:			
Increase (decrease) in short-term loans	(1,472)	5,280	(15,659)
Proceeds from long-term debt	1,390	3,200	14,787
Repayment of long-term debt	(846)	(8,649)	(9,000)
Repayment of lease obligations	(540)	(457)	(5,745)
Purchase of treasury stock	(2)	(46)	(21)
Proceeds from sales of treasury stock	0	0	0
Cash dividends paid	(489)	(502)	(5,202)
Net cash used in financing activities	(1,959)	(1,174)	(20,840)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	334	(281)	3,552
Net increase (decrease) in Cash and Cash Equivalents	291	(3,831)	3,095
Cash and Cash Equivalents at Beginning of Year	9,588	13,362	102,000
Increase in cash and cash equivalents resulting from inclusion in consolidation	65	57	692
Cash and Cash Equivalents at End of Year (Note 3)	¥ 9,944	¥ 9,588	$ 105,787

The accompanying notes are an integral part of these statements.

TAMURA CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

(a) Basis of presentation of the consolidated financial statements

The accompanying consolidated financial statements of TAMURA CORPORATION (the "Company") and consolidated subsidiaries (collectively, the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Local Finance Bureau in Japan as required by the Financial Instruments and Exchange Law of Japan have been reclassified for the convenience of readers outside Japan.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥94=U.S. $1, the approximate rate of exchange on March 31, 2013 has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at the above rate or any other rate.

(b) Principles of consolidation and accounting for investments in non-consolidated subsidiaries and affiliates

The consolidated financial statements include the accounts of the Company and, with the exception of entities which are not material, those of its 32 majority owned subsidiaries. All significant inter-company accounts and transactions have been eliminated on consolidation.

Effective from the year ended March 31, 2013, TAMURA ELECTRONIC MATERIAL (TIANJIN) CO., LTD. has been included in consolidation because of its increased importance.

Investments in non-consolidated subsidiaries and affiliates are carried at cost since their total assets, net sales and the Company's interests in their net income (loss), or retained earnings, in aggregate, do not have a material effect on the consolidated financial statements.

The fiscal year end of the foreign consolidated subsidiaries is December 31. The necessary adjustments for significant transactions between the fiscal year end of the Company and the fiscal year end of the foreign consolidated subsidiaries, if any, are made in the preparation of the consolidated financial statements.

(c) Financial instruments

(1) Derivatives

All derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives designated as "hedging instruments" (see Note 1(c)(3) Hedge accounting below).

(2) Securities

Securities held by the Companies are classified as follows:

Held-to-maturity securities are stated at amortized cost.

Available-for-sale securities with market values are stated at fair value. Net unrealized gains and losses on these securities are reported as a separate component of shareholders' equity at a net-of-tax amount.

Available-for-sale securities without market values are stated at cost determined by the moving average method, except as stated in the paragraph below.

In cases where the fair value of equity securities issued by non-consolidated subsidiaries and affiliates, or available-for-sale securities, has declined significantly and such impairment of the value is not deemed temporary, these securities are written down to their fair value and the resulting losses are included in net profit or loss for the period.

(3) Hedge accounting

Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred as a component of net assets.

The derivatives designated as hedging instruments by the Companies are principally forward exchange contracts and interest rate swaps. The underlying hedged items are trade accounts receivable and trade accounts payable denominated in foreign currencies, forecast transactions denominated in foreign currencies and interest on long-term bank loans.

The Companies have a policy to utilize the above hedging instruments in order to reduce the Companies' exposure to the risk of exchange rate and interest rate fluctuations. Thus, the Companies' purchases of the hedging instruments are limited to, at maximum, the amount of the hedged items.

The Companies evaluate the effectiveness of their hedging activities by reference to the accumulated gains or losses on the hedging instruments and the underlying hedged items from the commencement of the hedges.

(d) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at the estimated amount of uncollectible receivables at the balance sheet date.

(e) Inventories

Inventories are principally stated at cost determined by the following methods:

・Finished goods and work-in-process:
Electronic Components business, Electronic Chemicals business and Information Equipment business: Mainly periodic average method (Inventories with lower profitability are written down)
FA Systems business: Specific identification method (Inventories with lower profitability are written down)

・Merchandise and raw materials: Mainly periodic average method (Inventories with lower profitability are written down)
・Supplies: Mainly last purchase price method (Inventories with lower profitability are written down)

(f) Property, plant and equipment, and depreciation (excluding lease assets)

Property, plant and equipment, including significant capital expenditures and additions, are stated at cost and are principally depreciated using the declining-balance method at rates based on the estimated useful lives of the assets. Repairs and maintenance expenses are charged to income as incurred.

(g) Accrued bonuses

The Company and its domestic consolidated subsidiaries have provided the estimated amounts of bonus to employees.

(h) Reserve for directors' bonus

The Company and its domestic consolidated subsidiaries have provided the estimated amounts of directors' bonus as a reserve for directors' bonus. However, the Company has not provided a specific reserve applicable for the year ended March 31, 2013 because the Company does not plan to make the corresponding bonus payments.

(i) Reserve for retirement benefits

The reserve for retirement benefits represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets.

The unrecognized prior service costs are amortized on a straight-line basis over a period of 1 to 12 years from the year in which they arise. The unrecognized actuarial differences are amortized on a straight-line basis over a period of 5 to 12 years from the year following the year in which they arise.

(j) Amortization of goodwill

Goodwill is amortized over 10 years.

(k) Income taxes

The income taxes of the Company and its domestic consolidated subsidiaries consist of corporate income taxes, local inhabitant taxes and enterprise taxes.

Deferred income taxes were determined using the assets and liabilities approach, whereby deferred tax assets and liabilities were recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

Deferred tax assets relating to tax loss carryforwards are recorded because the Japanese accounting standard requires that the benefit of tax loss carryforwards be estimated and recorded as an asset, with deduction of a valuation allowance if it is expected that some portion or all of the deferred tax assets will not be realized.

(l) Foreign currency translation

All monetary assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheets dates. The foreign exchange gains and losses from translation are recognized in the statements of income to the extent that they are not hedged by forward exchange contracts. Revenue and expenses are translated using the average exchange rates for the respective periods.

The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rate of exchange in effect at the balance sheet date. Revenue accounts and expense accounts of the foreign consolidated subsidiaries are translated into yen at the average exchange rate for the year. Differences arising from the translation are presented as translation adjustments and minority interests in the consolidated financial statements.

(m) Net income (loss) per share

Basic net income (loss) per share of common stock is computed on the basis of the weighted average number of shares of common stock outstanding during the respective years, and diluted net income per share of common stock is computed on the basis of the weighted average number of shares of common stock outstanding during the respective year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of stock options. Cash dividends per share represent the dividends declared as applicable to the respective period.

The basis of calculation of basic net income (loss) per share and diluted net income per share for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Basic net income per share			
Total net income (loss) in consolidated statements of income	¥ (767)	¥ 186	$ (8,159)
Amount not attributable to common stock:	¥ —	¥ —	$ —
Total net income (loss) attributable to common stock	¥ (767)	¥ 186	$ (8,159)
Average number of shares outstanding during the year [thousands of shares]	82,025	77,848	82,025
Diluted net income per share			
Increase in common stock:			
Subscription rights to shares [thousands of shares]	—	276	—

2. Additional Information

(Changes in Accounting Policies Difficult to Distinguish from Changes in Accounting Estimates)
In accordance with revisions to the Corporation Tax Act of Japan, the Company and its domestic consolidated subsidiaries have revised their depreciation method for property, plant and equipment acquired on or after April 1, 2012, effective the year ended March 31, 2013.
The impact on profit or loss for the current fiscal year as a result of this change was immaterial.

(Unapplied Accounting Standards, etc.)
"Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No.26, issued May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Guidance No.25, issued May 17, 2012)

(a) Overview
Under the revised accounting standard, actuarial gains and losses and past service costs shall be recognized within net assets on the consolidated balance sheets after adjusting for tax effects, and the accumulated deficit or surplus shall be recognized as a liability or asset. Also, regarding the estimated retirement benefit obligations and the method of attributing the expected benefit to accounting periods, in addition to the straight-line method, the plan's benefit formula may be used and the method of calculating the discount rate has been revised.

(b) Date of adoption
These accounting standards will be adopted from the end of the fiscal year beginning on April 1, 2013. With respect to the estimated method to determine the retirement benefit obligations, the Company and its domestic consolidated subsidiaries will adopt the accounting standard from the fiscal year beginning on April 1, 2014.
However, as no retrospective application of this accounting standard is required, it will not be applied to consolidated financial statements for prior periods.

(c) Impact of adoption of accounting standards
The adoption of these standards is expected to have a significant impact on the consolidated financial statements of the Company.
In the consolidated balance sheets, net assets are expected to fluctuate more mainly as a result of the immediate recognition of actuarial gains and losses.
The Company is currently evaluating the effects of adopting the accounting standards.

3. Supplementary Cash Flow Information

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits able to be withdrawn on demand and short-term investments with a maturity of 3 months or less and which represent a minor risk of fluctuation in value.

At March 31, 2013 and 2012, cash and cash equivalents consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Cash and bank deposits	¥ 10,105	¥ 9,726	$ 107,501
Time deposits with maturities of over 3 months	(161)	(138)	(1,714)
Cash and cash equivalents	¥ 9,944	¥ 9,588	$ 105,787

4. Promissory Notes with Maturity Dates as of March 31, 2013

Promissory notes are accounted for as liquidated at their maturity date. Since 2013 was non-service day for financial institutions, the Promissory notes with maturity dates of March 31, 2013 have still not been liquidated and are presented with their respective balances below:

Notes receivable ¥ 46 million ($ 489 thousand)

5. Financial Instruments

Overview

(a) Policy for financial instruments

The Companies obtain necessary funding in accordance with their capital expenditure planning. The Companies obtain medium and long-term operating funds and funds for the purchase of equipment from banks and utilize highly liquid financial instruments for fund management purposes.
The Companies also utilize derivative financial instruments to hedge various risks as described in detail below and do not enter into derivatives for trading or speculative purposes.

(b) Types of financial instruments and related risk

Operating receivables, such as notes and accounts receivable-trade, are exposed to credit risk of customers. Operating receivables in foreign currencies are exposed to foreign currency exchange risk. Forward foreign exchange contracts are principally used to hedge this risk.
Investment securities, the issuers of which have business relationships with the Companies, are exposed to stock market fluctuation risk.
Maturities of operating debts, such as notes and accounts payable-trade, are mostly within six months. Though operating debts in foreign currencies are exposed to foreign currency exchange risk, they are limited to the balances of operating receivables in the same foreign currency on an ongoing basis.
Loans and lease obligations related to finance leases are used mainly for operating funds and for equipment purposes, respectively. Maturities of loans and lease obligations recorded as of the closing date of the fiscal year are within five years. Almost all long-term loans are variable interest rate loans, and are exposed to interest rate risk. Interest rate swaps are used for certain loans in order to hedge this risk.

In order to hedge foreign currency exchange risk associated with operating debts and receivables in foreign currencies and interest rate risk associated with interest expense, derivative transactions such as forward foreign exchange contracts and interest rate swap transactions are used.
Hedging instruments, hedged items, hedging policy and effectiveness of hedge transactions are described in "Note 1. Significant Accounting Policies, (c) Financial instruments, (3) Hedge accounting."

(c) Risk management for financial instruments

(1) Monitoring of credit risk (the risk that customers or counterparties may default)

To screen and reduce unrecoverable risk of operating receivables, the Company regularly monitors major customers' credit status and manages the due dates and balances for each customer in accordance with customer credit management rules at the sales section in each operating division. Consolidated subsidiaries also act based on the Company's customer credit management rules.
The Companies do not anticipate losses resulting from default of counterparties to derivative transactions as these are limited to major financial institutions with sound credit ratings.

(2) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

The Company and certain consolidated subsidiaries principally use forward foreign exchange contracts to hedge the foreign currency exchange risk of operating debts and receivables in foreign currencies, which are evaluated monthly for each currency. The Company uses the interest rate swap transactions to hedge interest rate risk associated with interest expense.
The Company regularly monitors the financial condition of stock issuers and stock market fluctuations and continuously reviews shareholdings considering the market status and business relationship with the Company.
Derivative transactions entered into by the Company are implemented and controlled based on internal rules established by the board of directors. The rules which stipulate transaction purpose, nature of transaction, name of counterparty, transaction item, loss limitation and reporting system of risk amount. A derivative transaction which exceeds the limitation amount under the rule requires the approval of the board meeting.

(3) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

The Company timely formulates and updates the financing plan and controls liquidity risk by managing ready liquidity on the basis of reports from each division to the accounting department of the head office.

(d) Supplementary explanation of the fair value of financial instruments

Fair value of financial instruments is measured based on the quoted market price, if available, or a reasonably assessed value if a quoted market price is not available. Fair value of financial instruments is calculated based on certain valuation assumptions and the fair value might differ if different factors are used. In addition, the contract amount of the derivative transactions described below in "Derivative Transactions" does not represent the market risk of the derivative transactions.

Fair value of financial instruments

The book value on the consolidated balance sheets, fair value and difference as of March 31, 2013 and 2012 were as follows. In addition, financial instruments, for which it is extremely difficult to measure the fair value, are not included (see "2. Financial instruments for which the fair value is extremely difficult to measure").

	As of March 31, 2013		
	Millions of yen		
	Book value	Fair value	Difference
Cash and bank deposits	¥ 10,105	¥ 10,105	¥ —
Notes and accounts receivable-trade	20,096	20,096	—
Investment securities			
Held-to-maturity securities	100	100	(0)
Other securities	1,698	1,698	—
Total assets	¥ 31,999	¥ 31,999	¥ (0)
Notes and accounts payable-trade	¥ 10,669	¥ 10,669	¥ —
Short-term loans	7,660	7,660	—
Current portion of long-term debt	6,057	6,111	54
Long-term debt	5,759	5,867	108
Lease obligations	1,282	1,290	8
Total liabilities	¥ 31,427	¥ 31,597	¥ 170
Derivatives (*)			
Hedge accounting is not applied	¥ —	¥ —	¥ —
Hedge accounting is applied	(0)	(0)	—
Total derivatives	¥ (0)	¥ (0)	¥ —

	As of March 31, 2012		
	Millions of yen		
	Book value	Fair value	Difference
Cash and bank deposits	¥ 9,726	¥ 9,726	¥ —
Notes and accounts receivable-trade	22,017	22,017	—
Investment securities			
Held-to-maturity securities	100	100	(0)
Other securities	1,357	1,357	—
Total assets	¥ 33,200	¥ 33,200	¥ (0)
Notes and accounts payable-trade	¥ 12,016	¥ 12,016	¥ —
Short-term loans	8,727	8,727	—
Current portion of long-term debt	140	141	1
Long-term debt	11,132	11,341	209
Lease obligations	1,441	1,451	10
Total liabilities	¥ 33,456	¥ 33,676	¥ 220
Derivatives (*)			
Hedge accounting is not applied	¥ —	¥ —	¥ —
Hedge accounting is applied	(1)	(1)	—
Total derivatives	¥ (1)	¥ (1)	¥ —

	As of March 31, 2013		
	Thousands of U.S. dollars		
	Book value	Fair value	Difference
Cash and bank deposits	$ 107,501	$ 107,501	$ —
Notes and accounts receivable-trade	213,787	213,787	—
Investment securities			
Held-to-maturity securities	1,063	1,063	(0)
Other securities	18,063	18,063	—
Total assets	$ 340,414	$ 340,414	$ (0)
Notes and accounts payable-trade	$ 113,500	$ 113,500	$ —
Short-term loans	81,489	81,489	—
Current portion of long-term debt	64,436	65,011	575
Long-term debt	61,266	62,415	1,149
Lease obligations	13,638	13,723	85
Total liabilities	$ 334,329	$ 336,138	$ 1,809
Derivatives (*)			
Hedge accounting is not applied	$ —	$ —	$ —
Hedge accounting is applied	(0)	(0)	—
Total derivatives	$ (0)	$ (0)	$ —

(*) The amount is the net balance of total transactions. Amounts reported as liabilities are shown in parentheses.

Notes:

1. Methods to determine the fair value of financial instruments and other matters related to securities and derivative transactions

Assets

Cash and bank deposits and notes and accounts receivable-trade

The book value approximates fair value because of the short maturity of these instruments.

Investment securities

The fair value of investment securities equals quoted market price. The fair value of debt securities is measured at the price provided by financial institutions. Investment securities based on holding purpose are described in "Note 6. Securities".

Liabilities

Notes and accounts payable-trade and short-term loans

The book value approximates fair value because of the short maturity of these instruments.

Current portion of long-term debt and long-term debt

The fair value of current portion of long-term debt and long-term debt is based on the present value of future cash flows discounted using the current borrowing rate for similar debt contracts of comparable maturity.

Lease obligations

The fair value of lease obligations is based on the present value of future cash flows discounted using the current interest rate for similar lease contracts of comparable maturity and contract conditions.

Derivative transactions

See "Note 16. Derivative Financial Instruments".

2. Financial instruments for which the fair value is extremely difficult to measure at March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Available-for-sale securities without market quotations:			
Unlisted securities	¥ 498	¥ 417	$ 5,297
Total	¥ 498	¥ 417	$ 5,297

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the preceding table.

3. The aggregate maturities of monetary claims and held-to-maturity securities at March 31, 2013 and 2012 were as follows:

	As of March 31, 2013	
	Millions of yen	
	Due within 1 year	Due after 1 year through 5 years
Cash and bank deposits	¥ 10,105	¥ —
Notes and accounts receivable-trade	20,096	—
Investment securities		
Held-to-maturity securities		
Bonds	—	100
Total	¥ 30,201	¥ 100

	As of March 31, 2012	
	Millions of yen	
	Due within 1 year	Due after 1 year through 5 years
Cash and bank deposits	¥ 9,726	¥ —
Notes and accounts receivable-trade	22,017	—
Investment securities		
Held-to-maturity securities		
Bonds	—	100
Total	¥ 31,743	¥ 100

	As of March 31, 2013	
	Thousands of U.S. dollars	
	Due within 1 year	Due after 1 year through 5 years
Cash and bank deposits	$ 107,501	$ —
Notes and accounts receivable-trade	213,787	—
Investment securities		
Held-to-maturity securities		
Bonds	—	1,063
Total	$ 321,288	$ 1,063

4. The redemption schedule for long-term debt and lease obligations were disclosed in "Note 8. Short-term Loans and Long-term Debt".

6. Securities

(a) At March 31, 2013 and 2012, securities consisted of the following:

	Millions of yen				Thousands of U.S. dollars	
	2013		2012		2013	
Held-to-maturity securities						
Book value	¥	100	¥	100	$	1,063
Fair value		100		100		1,063
Unrealized gain (loss)	¥	(0)	¥	(0)	$	(0)

	Millions of yen				Thousands of U.S. dollars	
	2013		2012		2013	
Available-for-sale securities for which market quotations are available						
Acquisition cost	¥	1,599	¥	1,576	$	17,010
Book value		1,698		1,357		18,063
Unrealized loss	¥	99	¥	(219)	$	1,053

(b) Sales of securities classified as other securities and the aggregate gain and loss for the year ended March 31, 2013 and 2012 are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2013		2012		2013	
Sales proceeds						
Available-for-sale securities	¥	13	¥	35	$	138
Aggregate gain						
Available-for-sale securities	¥	―	¥	10	$	―
Aggregate loss						
Available-for-sale securities	¥	8	¥	0	$	85

(c) Impairment of investment securities

	Millions of yen	
	2012	
Other securities		
Available-for-sale securities	¥	59
Total	¥	59

7. Inventories

At March 31, 2013 and 2012, inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Merchandise	¥ 2,953	¥ 2,621	$ 31,415
Finished goods	928	1,326	9,872
Work in process	1,714	1,547	18,234
Raw materials and supplies	5,727	5,515	60,926
Total	¥ 11,322	¥ 11,009	$ 120,447

8. Short-term Loans and Long-term Debt

Short-term loans at March 31, 2013 and 2012 were principally bank overdrafts and short-term notes bearing interest at annual average interest rates of 1.13% and 1.18%, respectively.

At March 31, 2013 and 2012, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Long-term loans, principally from banks (*)	¥ 11,816	¥ 11,272	$ 125,702
Lease obligations	1,282	1,441	13,638
	13,098	12,713	139,340
Less: current portion - Long-term loans	(6,057)	(140)	(64,436)
Less: current portion - Lease obligations	(446)	(501)	(4,744)
Total	¥ 6,595	¥ 12,072	$ 70,160

(*) At March 31, 2013 and 2012, long-term loans consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Long-term portion, at annual average rates of 1.67% (2012 - 1.78%)	¥ 5,759	¥ 11,132	$ 61,266
Lease obligations, at annual average rates of 2.55% (2012 - 2.89%)	836	940	8,894
Current portion- Long-term loans, at annual average rates of 1.67% (2012 - 1.21%)	6,057	140	64,436
Current portion- Lease obligations, at annual average rates of 2.80% (2012 - 3.20%)	446	501	4,744
	¥ 13,098	¥ 12,713	$ 139,340

The aggregate annual maturities of long-term debt at March 31, 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	Long-term loans	Lease obligations	Long-term loans	Lease obligations
Year ending March 31,				
2015	¥ 1,593	¥ 345	$ 16,946	$ 3,670
2016	100	267	1,063	2,840
2017	3,100	192	32,978	2,042
2018	965	30	10,265	319

9. Retirement Benefit Plan

The Company and certain consolidated subsidiaries have defined benefit retirement plans covering substantially all employees. Benefits under the plans are covered by two plans. One is governed by the regulations of the Defined Benefit Corporate Pension Law and the other is severance indemnity by the Companies.

KOHA CO., LTD. also has defined benefit retirement plans covering substantially all employees. Benefits under the plans are covered by three plans. One is employee's pension fund, second is governed by the regulations of the Defined Benefit Corporate Pension Law and the end is severance indemnity by the Companies.

During the year ended March 31, 2011, the Company and some of its domestic consolidated subsidiaries have changed their retirement benefit plans from defined benefit plans to defined contribution plans.
Certain foreign consolidated subsidiaries have introduced their own defined contribution plans.

Information on the reserve for retirement benefits as of March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Projected benefit obligations	¥ 10,616	¥ 9,952	$ 112,936
Plan assets	7,198	5,998	76,574
	3,418	3,954	36,362
Unrecognized prior service cost	(379)	(463)	(4,031)
Unrecognized actuarial differences	2,308	2,676	24,553
Prepaid pension cost	(261)	(127)	(2,777)
	¥ 1,750	¥ 1,868	$ 18,617

Net pension expense related to retirement benefits for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Service cost	¥ 520	¥ 447	$ 5,531
Interest cost	185	190	1,968
Expected return on plan assets	(146)	(145)	(1,553)
Amortization of prior service cost	(83)	(83)	(882)
Amortization of actuarial differences	472	444	5,021
Contribution to defined contribution plans	75	99	797
Additional retirement benefits paid	583	—	6,202
Net pension expense	¥ 1,606	¥ 952	$ 17,084

Assumptions used in the calculation of the above information were as follows:

	2013	2012
Discount rate	Principally 1.5%	Principally 1.5%
Expected rate of return on plan assets	Principally 2.0%	Principally 2.0%
Method of attributing the projected benefits to periods of service	straight-line basis	straight-line basis
Amortization of prior service cost	1-12 years	1-12 years
Amortization of actuarial differences	5-12 years	5-12 years

10. Other Comprehensive Income

Reclassification adjustments and the related tax effects concerning other comprehensive income for the year ended March 31, 2013 and 2012 were follows:

	Millions of yen				Thousands of U.S. dollars	
	2013		2012		2013	
Unrealized gain on securities						
The amount arising during the period	¥	314	¥	61	$	3,340
Reclassification adjustments for gains and losses included in net income		8		(10)		85
Before adjustments to tax effects		322		51		3,425
The amount of tax effect		(34)		(12)		(361)
Unrealized gain on securities		288		39		3,064
Deferred loss on hedges						
The amount arising during the period		1		(1)		11
Translation adjustments						
The amount arising during the period		1,309		(454)		13,925
Share of other comprehensive income of affiliates accounted for using equity method						
The amount arising during the period		9		(21)		95
The total amount of other comprehensive income	¥	1,607	¥	(437)	$	17,095

11. Treasury Stock

The Company has treasury stock of 742 thousand shares and 766 thousand shares for the years ended March 31, 2013 and 2012, respectively in order to prepare for the exercise of stock options granted to certain directors and employees, subject to the approval of the General Meeting of Shareholders.
The amount of treasury stock is stated at cost and is presented as a separate deduction from shareholders' equity.

12. Selling, General and Administrative Expenses

For the years ended March 31, 2013 and 2012, the significant components of selling, general and administrative expenses were as follows:

	Millions of yen				Thousands of U.S. dollars	
	2013		2012		2013	
Salaries	¥	5,636	¥	5,624	$	59,957
Pension expense		742		669		7,893
Research and development expense		1,103		1,101		11,734
Freight		1,553		1,638		16,521
Addition to reserve for directors' bonuses		11		72		117
Addition to accrued bonuses		509		558		5,414

13. Research and Development Expenses

Total research and development expenses included in manufacturing costs and selling, general and administrative expenses amounted to ¥1,162 million ($12,361 thousand) in the year ended March 31, 2013 and ¥1,101 million in the year ended March 31, 2012.

14. Income Taxes

At March 31, 2013 and 2012, the significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred tax assets:			
Accrued bonuses	¥ 300	¥ 331	$ 3,192
Accrued enterprise taxes	24	27	255
Reserve for retirement benefits	1,484	1,576	15,787
Tax loss carryforwards	3,342	2,879	35,553
Loss on valuation of investment securities	331	490	3,521
Loss on impairment of fixed assets	109	191	1,160
Other	301	456	3,202
Total	5,891	5,950	62,670
Valuation allowance	(4,752)	(4,806)	(50,553)
Deferred tax assets	¥ 1,139	¥ 1,144	$ 12,117
Deferred tax liabilities:			
Unrealized gain on securities	¥ 68	¥ 34	$ 723
Total deferred tax liabilities	68	34	723
Net deferred tax assets	¥ 1,071	¥ 1,110	$ 11,394

The reconciliation between the statutory tax rate and the effective tax rate for the years ended March 31, 2012 was as follows:

	2012
Statutory tax rate	40.0 %
Effect of:	
Non-deductible expenses	11.9
Non-taxable items	(3.3)
Inhabitant tax on per capita basis	5.1
Amortization of goodwill	10.9
Tax rate difference applied for foreign subsidiaries	(24.8)
Change in valuation allowance	(5.2)
Foreign income taxes	30.8
Adjustment on deferred tax assets due to change in income tax rate	12.4
Others	2.6
Effective tax rate	80.4 %

A reconciliation between the statutory tax rate and the effective tax rate for the year ended March 31, 2013 was omitted because a net loss for the year was recorded.

15. Leases

Finance lease transactions (lessee)

(a) Finance lease transactions with ownership transfer
Lease assets;
・Property, plant and equipment: Machinery and equipment in connection with Electronic Components business
・Intangible fixed assets: Software
Lease assets are depreciated using the same method as fixed assets.

(b) Finance lease transactions without ownership transfer
Lease assets;
・Property, plant and equipment: Machinery and equipment in connection with Electronic Components business, research and development facilities, and tools and fixtures in connection with IT
・Intangible fixed assets: Software
Lease assets are depreciated by the straight-line method over the respective lease terms, assuming no residual value.

The accounting treatment for lease transactions which do not transfer ownership of the assets to the lessee at the end of the lease term which took place on or before March 31, 2008 remains the same treatment as operating lease transactions.
Pro forma information regarding leased assets, such as acquisition cost and accumulated depreciation under finance leases which do not transfer ownership of the leased assets to the lessee which took place on or before March 31, 2008 for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Structures, machinery and equipment, and software			
Cost	¥ 621	¥ 628	$ 6,606
Accumulated depreciation / amortization	428	354	4,553
Net amount	¥ 193	¥ 274	$ 2,053

The following are a schedule of the future minimum lease payments under such lease contracts as of March 31, 2013 and 2012:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due within one year	¥ 195	¥ 85	$ 2,074
Due after one year	1	197	11
	¥ 196	¥ 282	$ 2,085

The total lease expense under finance leases for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Lease rental expense	¥ 96	¥ 102	$ 1,021
Depreciation cost	83	87	882
Interest expense	7	10	74

16. Derivative Financial Instruments

The Companies do not hold or issue derivatives for trading purposes and it is the Companies' policy to use derivatives only for the purpose of reducing exposure to market risks and financing costs in accordance with internal policies.
The Companies do not anticipate any losses resulting from default of the counterparties as these are limited to major financial institutions with sound credit ratings.

As of March 31, 2013 and 2012, there were no derivative transactions outstanding for which hedge accounting has not been applied.
The notional amounts and the fair value of the derivative instruments outstanding as of March 31, 2013 and 2012, for which hedge accounting has been applied are summarized as follows:

(a) Foreign currency-related transactions

		As of March 31, 2013		
		Millions of yen		
Derivative transactions	Main hedged items	Contract amount	Portion maturing over one year	Fair value
Foreign exchange allocation method:				
Forward foreign exchange contracts:				
Sell				
USD	Accounts receivable-trade	¥ 2,163	¥ —	¥ (*1)
GBP		78	—	(*1)
Buy				
USD	Accounts payable-trade	463	—	(*1)
Deferral hedge accounting:				
Forward foreign exchange contracts:				
Sell				
USD	Contracts outstanding	16	—	(0)
Total		¥ 2,720	¥ —	¥ (0)

Derivative transactions	Main hedged items	As of March 31, 2012 Millions of yen Contract amount	 Portion maturing over one year	 Fair value
Foreign exchange allocation method:				
Forward foreign exchange contracts:				
Sell				
USD	Accounts receivable-trade	¥ 1,935	¥ —	¥ (*1)
GBP		125	—	(*1)
SGD		5	—	(*1)
Buy				
USD	Accounts payable-trade	530	—	(*1)
Deferral hedge accounting:				
Forward foreign exchange contracts:				
Sell				
USD	Contracts outstanding	22	—	(1)
Buy				
USD	Contracts outstanding	57	—	(0)
Total		¥ 2,674	¥ —	¥ (1)

Derivative transactions	Main hedged items	As of March 31, 2013 Thousands of U.S. dollars Contract amount	Portion maturing over one year	Fair value
Foreign exchange allocation method:				
Forward foreign exchange contracts:				
Sell				
USD	Accounts receivable-trade	$ 23,011	$ —	$ (*1)
GBP		829	—	(*1)
Buy				
USD	Accounts payable-trade	4,926	—	(*1)
Deferral hedge accounting:				
Forward foreign exchange contracts:				
Sell				
USD	Contracts outstanding	170	—	(0)
Total		$ 28,936	$ —	$ (0)

(*1) The fair value is included in the fair value of the accounts receivable-trade and the accounts payable-trade since the forward foreign exchange contracts are accounted for as part of accounts receivable and payable under the allocation method for hedge accounting.
(*2) Price provided by financial institutions.

(b) Interest rate-related transactions

Derivative transactions	Main hedged items	As of March 31, 2013 Millions of yen Contract amount	Portion maturing over one year	Fair value
Interest-rate swaps:				
Pay fixed and receive variable	Long-term debt	¥ 11,008	¥ 5,383	¥ (*)

Derivative transactions	Main hedged items	As of March 31, 2012 Millions of yen Contract amount	Portion maturing over one year	Fair value
Interest-rate swaps:				
Pay fixed and receive variable	Long-term debt	¥ 10,800	¥ 10,800	¥ (*)

Derivative transactions	Main hedged items	As of March 31, 2013 Thousands of U.S. dollars Contract amount	Portion maturing over one year	Fair value
Interest-rate swaps:				
Pay fixed and receive variable	Long-term debt	$ 117,106	$ 57,265	$ (*)

(*) The fair value is included in the fair value of long-term debt since the shortcut method is applied.

17. Loan Commitment

In order to achieve more efficient and flexible financing, the Company has concluded loan commitment contracts with five of our financial institutions.

The status of these at the year end is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Maximum overdraft amount and total amount of loan commitment	¥ 2,500	¥ 2,500	$ 26,595
Executed loan amounts	—	—	—
Net amount	¥ 2,500	¥ 2,500	$ 26,595

18. Loss on Impairment of Fixed Assets

The Companies have not recognized impairment losses for the years ended March 31, 2013 and 2012, respectively.

19. Stock Options

(a) Amount of stock options to be expensed for the years ended March 31, 2013 and 2012.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Selling, general and administrative expenses	¥ 10	¥ 13	$ 106

(b) Outline of stock options and changes

a. Outline of stock options

Date of resolution	TAMURA CORPORATION The 2nd Stock Option Plan June 29, 2005	TAMURA CORPORATION The 3rd Stock Option Plan June 29, 2006	TAMURA CORPORATION The 4th Stock Option Plan June 28, 2007
Title and number of grantees	Directors 6 (Exclude outside director) Executive officers 9	Directors 6 (Exclude outside director) Executive officers 6	Directors 6 (Exclude outside director) Executive officers 7
Number of stock options	Common shares 35,000	Common shares 28,000	Common shares 30,000
Grant date	July 1, 2005	July 1, 2006	July 1, 2007
Condition for vesting	Retirement of director and executive officer	Retirement of director and executive officer	Retirement of director and executive officer
Requisite service period	N.A.	N.A.	N.A.
Exercise period	For the period of five years from the next day of retirement of director and executive officer	July 1, 2006 to June 30, 2036	July 1, 2007 to June 30, 2037

Date of resolution	TAMURA CORPORATION The 5th Stock Option Plan June 27, 2008	TAMURA CORPORATION The 6th Stock Option Plan June 26, 2009	TAMURA CORPORATION The 7th Stock Option Plan June 29, 2010
Title and number of grantees	Directors 6 (Exclude outside director) Executive officers 6	Directors 6 (Exclude outside director) Executive officers 4	Directors 6 (Exclude outside director) Executive officers 6
Number of stock options	Common shares 42,000	Common shares 77,000	Common shares 52,000
Grant date	July 1, 2008	July 1, 2009	July 1, 2010
Condition for vesting	Retirement of director and executive officer	Retirement of director and executive officer	Retirement of director and executive officer
Requisite service period	N.A.	N.A.	N.A.
Exercise period	July 1, 2008 to June 30, 2038	July 1, 2009 to June 30, 2039	July 1, 2010 to June 30, 2040

Date of resolution	TAMURA CORPORATION The 8th Stock Option Plan June 29, 2011	TAMURA CORPORATION The 9th Stock Option Plan June 28, 2012
Title and number of grantees	Directors 6 (Exclude outside director) Executive officers 6	Directors 6 (Exclude outside director) Executive officers 6
Number of stock options	Common shares 65,000	Common shares 72,000
Grant date	July 1, 2011	July 1, 2012
Condition for vesting	Retirement of director and executive officer	Retirement of director and executive officer
Requisite service period	N.A.	N.A.
Exercise period	July 1, 2011 to June 30, 2041	July 1, 2012 to June 30, 2042

The Company's stock option plans were designed as stock compensation to directors and executive officers after the directors' retirement benefit plan was abolished in June 2005.

b. Stock options granted and changes

The transaction of stock option of the year ended Mach 31, 2013 are summarized after converted to shares of stocks.

Number of stock options (Shares)

Date of resolution	TAMURA CORPORATION The 2nd Stock Option Plan June 29, 2005	TAMURA CORPORATION The 3rd Stock Option Plan June 29, 2006	TAMURA CORPORATION The 4th Stock Option Plan June 28, 2007
Before vested			
Previous fiscal year-end	16,000	17,000	19,000
Granted	—	—	—
Forfeited	—	—	—
Vested	1,000	2,000	1,000
Outstanding	15,000	15,000	18,000
After vested			
Previous fiscal year-end	4,000	3,000	4,000
Vested	1,000	2,000	1,000
Exercised	5,000	5,000	5,000
Forfeited	—	—	—
Exercisable	—	—	—

Date of resolution	TAMURA CORPORATION The 5th Stock Option Plan June 27, 2008	TAMURA CORPORATION The 6th Stock Option Plan June 26, 2009	TAMURA CORPORATION The 7th Stock Option Plan June 29, 2010
Before vested			
Previous fiscal year-end	31,000	77,000	52,000
Granted	—	—	—
Forfeited	—	—	—
Vested	5,000	10,000	6,000
Outstanding	26,000	67,000	46,000
After vested			
Previous fiscal year-end	6,000	—	—
Vested	5,000	10,000	6,000
Exercised	11,000	6,000	—
Forfeited	—	—	—
Exercisable	—	4,000	6,000

Date of resolution	TAMURA CORPORATION The 8th Stock Option Plan June 29, 2011	TAMURA CORPORATION The 9th Stock Option Plan June 28, 2012
Before vested		
Previous fiscal year-end	65,000	—
Granted	—	72,000
Forfeited	2,000	—
Vested	6,000	—
Outstanding	57,000	72,000
After vested		
Previous fiscal year-end	—	—
Vested	6,000	—
Exercised	—	—
Forfeited	—	—
Exercisable	6,000	—

Price information (Yen)

Date of resolution	TAMURA CORPORATION The 2nd Stock Option Plan June 29, 2005	TAMURA CORPORATION The 3rd Stock Option Plan June 29, 2006	TAMURA CORPORATION The 4th Stock Option Plan June 28, 2007
Exercise price	1	1	1
Average stock price at exercise	209	209	209
Fair value at the grant date	—	464	653

Date of resolution	TAMURA CORPORATION The 5th Stock Option Plan June 27, 2008	TAMURA CORPORATION The 6th Stock Option Plan June 26, 2009	TAMURA CORPORATION The 7th Stock Option Plan June 29, 2010
Exercise price	1	1	1
Average stock price at exercise	200	181	—
Fair value at the grant date	426	348	203

Date of resolution	TAMURA CORPORATION The 8th Stock Option Plan June 29, 2011	TAMURA CORPORATION The 9th Stock Option Plan June 28, 2012
Exercise price	1	1
Average stock price at exercise	—	—
Fair value at the grant date	203	151

(c) Valuation technique used for valuating fair value of stock options

TAMURA CORPORATION the 9th plan stock options granted in the fiscal year were valued using the following valuation technique.

Valuation technique: Black-Scholes option-pricing model

Principal parameters used in the option-pricing model:

Date of resolution	TAMURA CORPORATION The 9th Stock Option Plan June 28, 2012
Expected volatility(*1)	43.82%
Average expected life(*2)	10 years
Expected dividends(*3)	6 yen per share
Risk-free interest rate(*4)	0.84%

(*1) Calculated based on the actual stock prices from April 2002 to June 2012.

(*2) The average expected life could not be estimated rationally as data was insufficient. Therefore, it was estimated assuming that the options were exercised at the 1/3 point of the exercise period.

(*3) The actual dividends on common stock for the fiscal year ended March 31, 2012, the dividend policy of the Company and prior years' actual dividends.

(*4) Japanese government bond yield corresponding to the average expected life.

(d) Method of estimating number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

20. Segment Information

(a) Overview of reportable segments

The reportable segments of the Companies are components for which separate financial information is available and which are reviewed regularly by the board of directors in deciding resource allocation and in assessing performance.
Each business division develops comprehensive business strategies for products in Japan and overseas and conducts business activities.

Accordingly, the Company consists of three reportable segments, identified by the products and based on the business divisions, which are classified as the "Electronic Components" business, the "Electronic Chemicals / FA Systems" business and the "Information Equipment" business.
The "Electronic Components" business manufactures transformers, AC adaptors, switching supply units, piezoceramic products and LED products. The "Electronic Chemicals / FA Systems" business manufactures flux, solder paste, solder resist and automatic soldering equipment. The "Information Equipment" business manufactures network equipment, broadband equipment, wireless microphone and information equipment.

(b) Calculation method for net sales, segment income or loss, and other items of the reportable segments

The accounting policies of the segments are substantially the same as those described in "Basis of Presentation of Consolidated Financial Statements".
Segment income is based on operating income.
Inter-segment sales are recorded at the same prices used in transactions with third parties.

(c) Information on net sales, income or loss, assets and liabilities, and other items by the reportable segment

	Year ended March 31, 2013							
	Millions of yen							
	Reportable segments							
	Electronic Components	Electronic Chemicals / FA Systems	Information Equipment	Subtotal	Other (*1)	Total	Adjustments (*2)	Consoli－dated (*3)
Net Sales								
Sales-								
Customers	¥ 46,207	¥ 20,058	¥ 2,648	¥ 68,913	¥ －	¥ 68,913	¥ －	¥ 68,913
Inter-segment	0	55	－	55	627	682	(682)	－
	46,207	20,113	2,648	68,968	627	69,595	(682)	68,913
Segment income (loss)	¥ (692)	¥ 2,054	¥ (65)	¥ 1,297	¥ 25	¥ 1,322	¥ (760)	¥ 562
Other items								
Depreciation and amortization	¥ 1,240	¥ 690	¥ 116	¥ 2,046	¥ 6	¥ 2,052	¥ 14	¥ 2,066
Amortization of goodwill	¥ 85	¥ 1	¥ －	¥ 86	¥ －	¥ 86	¥ －	¥ 86
Increase in tangible and intangible fixed assets	¥ 1,472	¥ 749	¥ 73	¥ 2,294	¥ 10	¥ 2,304	¥ 218	¥ 2,522

	Year ended March 31, 2012															
	Millions of yen															
	Reportable segments															
	Electronic Components		Electronic Chemicals / FA Systems		Information Equipment		Subtotal		Other (*1)		Total		Adjustments (*2)		Consoli－dated (*3)	
Net Sales																
Sales-																
Customers	¥	53,172	¥	20,586	¥	3,465	¥	77,223	¥	17	¥	77,240	¥	－	¥	77,240
Inter-segment		49		72		－		121		586		707		(707)		－
		53,221		20,658		3,465		77,344		603		77,947		(707)		77,240
Segment income (loss)	¥	462	¥	1,669	¥	95	¥	2,226	¥	(33)	¥	2,193	¥	(777)	¥	1,416
Other items																
Depreciation and amortization	¥	1,351	¥	773	¥	107	¥	2,231	¥	7	¥	2,238	¥	11	¥	2,249
Amortization of goodwill	¥	82	¥	0	¥	－	¥	82	¥	－	¥	82	¥	－	¥	82
Increase in tangible and intangible fixed assets	¥	1,345	¥	669	¥	77	¥	2,091	¥	6	¥	2,097	¥	258	¥	2,355

	Year ended March 31, 2013															
	Thousands of U.S. dollars															
	Reportable segments															
	Electronic Components		Electronic Chemicals / FA Systems		Information Equipment		Subtotal		Other (*1)		Total		Adjustments (*2)		Consoli－dated (*3)	
Net Sales																
Sales-																
Customers	$	491,564	$	213,383	$	28,170	$	733,117	$	－	$	733,117	$	－	$	733,117
Inter-segment		0		585		－		585		6,670		7,255		(7,255)		－
		491,564		213,968		28,170		733,702		6,670		740,372		(7,255)		733,117
Segment income (loss)	$	(7,362)	$	21,851	$	(691)	$	13,798	$	266	$	14,064	$	(8,085)	$	5,979
Other items																
Depreciation and amortization	$	13,191	$	7,340	$	1,234	$	21,765	$	64	$	21,829	$	149	$	21,978
Amortization of goodwill	$	904	$	10	$	－	$	914	$	－	$	914	$	－	$	914
Increase in tangible and intangible fixed assets	$	15,660	$	7,968	$	776	$	24,404	$	106	$	24,510	$	2,319	$	26,829

(*1) "Other" includes businesses not included in the reportable segments, which includes the transportation, warehouse and insurance businesses in the fiscal year ended March 31, 2012. However, "Other" includes only the transportation and warehouse businesses in the fiscal year ended March 31, 2013 because the non-life insurance agent business of TAMURA DISTRIBUTION CENTER INC. (subsidiary of the Company), which had been included in "Other," was transferred to a third party during the fiscal year ended March 31, 2012

(*2) Adjustments for segment income (loss) were as follows:

	Millions of yen				Thousands of U.S. dollars	
	2013		2012		2013	
Inter-segment eliminations	¥	40	¥	42	$	425
Corporate costs (*)		(800)		(819)		(8,510)
Total	¥	(760)	¥	(777)	$	(8,085)

* Corporate costs are mainly future R & D expenses at head office, which are not allocated to the reportable segments.

(*3) Segment income is adjusted with operating income in the consolidated statements of income.

(*4) Adjustments for "Depreciation and amortization" and "Increase in tangible and intangible fixed assets" are mainly capital investment and depreciation relating to future R & D assets at head office, which are not allocated to the reportable segments.

(*5) Assets of the Company are not allocated to the business segments.

As noted in the previous section, "Changes in Accounting Policies Difficult to Distinguish from Changes in Accounting Estimates," in accordance with revisions to the Corporation Tax Act of Japan, the Company and its domestic consolidated subsidiaries have revised their depreciation method for property, plant and equipment acquired on or after April 1, 2012, effective the year ended March 31, 2013.
The impact on reporting segment income or loss for the current fiscal year as a result of this change was immaterial.

(d) Related information

(1) Information by product and service

	Year ended March 31, 2013									
	Millions of yen									
	Electronic Components		Electronic Chemicals / FA Systems		Information Equipment		Other		Consolidated	
Sales- Customers	¥	46,207	¥	20,058	¥	2,648	¥	−	¥	68,913

	Year ended March 31, 2012									
	Millions of yen									
	Electronic Components		Electronic Chemicals / FA Systems		Information Equipment		Other		Consolidated	
Sales- Customers	¥	53,172	¥	20,586	¥	3,465	¥	17	¥	77,240

	Year ended March 31, 2013				
	Thousands of U.S. dollars				
	Electronic Components	Electronic Chemicals / FA Systems	Information Equipment	Other	Consolidated
Sales- Customers	$ 491,564	$ 213,383	$ 28,170	$ —	$ 733,117

(2) Information by geographical area

	Year ended March 31, 2013					
	Millions of yen					
	Japan	Asia	Europe	North and South America	Other	Consoli-dated
Net Sales	¥ 32,970	¥ 27,576	¥ 6,336	¥ 1,965	¥ 66	¥ 68,913

	Year ended March 31, 2012					
	Millions of yen					
	Japan	Asia	Europe	North and South America	Other	Consoli-dated
Net Sales	¥ 37,000	¥ 31,959	¥ 6,477	¥ 1,766	¥ 38	¥ 77,240

	Year ended March 31, 2013					
	Thousands of U.S. dollars					
	Japan	Asia	Europe	North and South America	Other	Consoli-dated
Net Sales	$ 350,745	$ 293,362	$ 67,404	$ 20,904	$ 702	$ 733,117

	Year ended March 31, 2013				
	Millions of yen				
	Japan	Asia	Europe	North and South America	Consoli-dated
Property, plant and equipment	¥ 11,725	¥ 5,083	¥ 342	¥ 207	¥ 17,357

	As of March 31, 2012									
	Millions of yen									
	Japan		Asia		Europe		North and South America		Consoli－dated	
Property, plant and equipment	¥	11,844	¥	4,507	¥	264	¥	132	¥	16,747

	Year ended March 31, 2013									
	Thousands of U.S. dollars									
	Japan		Asia		Europe		North and South America		Consoli－dated	
Property, plant and equipment	$	124,734	$	54,075	$	3,638	$	2,202	$	184,649

(3) Information by major customer

This information has been omitted because there is no specific customer representing 10% or more of net sales recorded in the consolidated statement of income for the years ended March 31, 2013 and 2012.

(e) Information about impairment loss on fixed assets for each reportable segment

Fiscal year ended March 31, 2013 and 2012: Not applicable

(f) Information about amortization and balance of goodwill for each reportable segment:

	Year ended March 31, 2013									
	Millions of yen									
	Electronic Components		Electronic Chemicals / FA Systems		Information Equipment		Other		Consolidated	
Amortization	¥	86	¥	0	¥	－	¥	－	¥	86
Balance at March 31		618		4		－		－		622

	As of and for the year ended March 31, 2012				
	Millions of yen				
	Electronic Components	Electronic Chemicals / FA Systems	Information Equipment	Other	Consolidated
Amortization	¥ 82	¥ 0	¥ —	¥ —	¥ 82
Balance at March 31	679	4	—	—	683

	Year ended March 31, 2013				
	Thousands of U.S. dollars				
	Electronic Components	Electronic Chemicals / FA Systems	Information Equipment	Other	Consolidated
Amortization	$ 914	$ 0	$ —	$ —	$ 914
Balance at March 31	6,574	43	—	—	6,617

(g) Information about gains on negative goodwill for each reportable segment

Fiscal year ended March 31, 2013 and 2012: Not applicable

21. Subsequent Events

There are no significant subsequent events for the years ended March 31, 2013 and 2012.