CONSOLIDATED FINANCIAL STATEMENTS

TAMURA CORPORATION

AS OF MARCH 31, 2016 AND 2015

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, 2016, 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, 2016, 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).

June 28, 2016
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,
	2016	2015	2016
ASSETS			
Current Assets:			
Cash and bank deposits (Notes 3 and 4)	¥ 15,133	¥ 11,816	$ 133,920
Notes and accounts receivable-trade (Note 4)			
Non-consolidated subsidiaries and affiliates	74	111	654
Other	21,444	23,574	189,769
Allowance for doubtful accounts	(101)	(106)	(893)
	21,417	23,579	189,530
Inventories (Note 6)	12,532	14,412	110,903
Deferred tax assets (Note 13)	579	624	5,124
Other current assets	1,986	2,537	17,576
Total current assets	51,647	52,968	457,053
Property, Plant and Equipment: (Notes 14 and 18)			
Land	6,057	6,130	53,602
Buildings and structures	18,018	18,193	159,451
Machinery and equipment	27,257	27,212	241,212
Lease assets	1,522	1,522	13,469
Construction in progress	471	560	4,168
	53,325	53,617	471,902
Accumulated depreciation	(34,321)	(33,855)	(303,725)
Property, plant and equipment, net	19,004	19,762	168,177
Investments and Other Assets:			
Investment securities in other than non-consolidated subsidiaries and affiliates (Notes 4 and 5)	1,802	2,062	15,947
Investment securities in non-consolidated subsidiaries and affiliates	2,131	1,958	18,858
Net defined benefit asset (Note 8)	245	904	2,168
Deferred tax assets (Note 13)	122	288	1,080
Other assets	1,837	2,313	16,257
Total investments and other assets	6,137	7,525	54,310
Total assets	¥ 76,788	¥ 80,255	$ 679,540

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,
	2016	2015	2016
LIABILITIES AND NET ASSET			
Current Liabilities:			
Short-term loans (Notes 4 and 7)	¥ 4,865	¥ 5,906	$ 43,053
Current portion of long-term debt (Notes 4 and 7)	5,493	872	48,610
Lease obligations (Notes 4 and 7)	344	371	3,044
Notes and accounts payable-trade (Note 4)			
Non-consolidated subsidiaries and affiliates	309	390	2,734
Other	10,535	11,266	93,230
	10,844	11,656	95,964
Income tax payable	547	585	4,841
Accrued bonuses	1,024	1,012	9,062
Accrued bonuses for directors	62	63	549
Other current liabilities (Note 13)	2,838	2,963	25,115
Total current liabilities	26,017	23,428	230,238
Long-term Liabilities:			
Long-term Debt (Notes 4 and 7)	9,421	14,914	83,372
Lease Obligations (Notes 4 and 7)	488	547	4,319
Net Defined Benefit Liability (Note 8)	3,252	2,765	28,779
Deferred Tax Liabilities (Note 13)	395	26	3,495
Other Long-term Liabilities	766	411	6,779
Contingent Liabilities and Commitment (Note 16 and 17)			
Total long-term liabilities	14,322	18,663	126,744
Net Assets			
Shareholders' Equity:			
Common stock:	11,829	11,829	104,681
Authorized - 252,000,000 shares			
Issued and outstanding – 82,771,473 shares			
Additional paid-in capital	17,037	17,174	150,770
Retained earnings	7,357	6,138	65,106
Treasury stock, at cost (Note 10)	(283)	(288)	(2,504)
Total shareholders' equity	35,940	34,853	318,053
Accumulated Other Comprehensive Income:			
Unrealized gain on securities	156	437	1,380
Deferred gain (loss) on hedges	0	2	0
Translation adjustments	2,351	3,292	20,805
Remeasurements of defined benefit plans	(2,194)	(617)	(19,415)
Total accumulated other comprehensive income	313	3,114	2,770
Subscription Rights to Shares	121	115	1,071
Non-contolling interests	75	82	664
Total net assets	36,449	38,164	322,558
Total liabilities and net assets	¥ 76,788	¥ 80,255	$ 679,540

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,
	2016	2015	2016
Net Sales	¥ 84,642	¥ 86,248	$ 749,044
Cost of Sales (Note 12)	60,962	62,760	539,487
Gross Profit	23,680	23,488	209,557
Selling, general and administrative expenses			
(Notes 11 and 12)	19,414	19,459	171,805
Operating income	4,266	4,029	37,752
Other Income (Expenses):			
Interest and dividend income	124	101	1,097
Equity in earnings of affiliates	267	227	2,362
Interest expense	(309)	(328)	(2,734)
Foreign exchange loss	(488)	(159)	(4,318)
Other income	358	515	3,168
Other expenses	(660)	(288)	(5,840)
	(708)	68	(6,265)
Profit before income taxes	3,558	4,097	31,487
Income Taxes (Note 13)			
Current	1,134	972	10,035
Deferred	641	19	5,673
	1,775	991	15,708
Profit	1,783	3,106	15,779
Proft attributable to:			
Non-contolling interests	(0)	0	(0)
Owners of parent	¥ 1,783	¥ 3,106	$ 15,779
	Yen		U.S. dollars
Per Share:			
Basic profit attributable to owners of parent	¥ 21.75	¥ 37.88	$ 0.19
Diluted profit attributable to owners of parent	21.62	37.68	0.19
Cash dividends per share	7.00	7.00	0.06

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,	
	2016		2015		2016	
Profit	¥	1,783	¥	3,106	$	15,779
Other Comprehensive Income:						
Unrealized gain on securities		(281)		308		(2,487)
Deferred gain (loss) on hedges		(2)		10		(18)
Translation adjustments		(868)		2,216		(7,681)
Remeasurements of defined benefit plans		(1,577)		521		(13,955)
Share of other comprehensive income of affiliates accounted by using equity method		(79)		144		(699)
Total other comprehensive income (Note 9)		(2,807)		3,199		(24,840)
Comprehensive income	¥	(1,024)	¥	6,305	$	(9,061)
Total comprehensive income attributable to:						
Owners of parent	¥	(1,017)	¥	6,298	$	(9,000)
Non-contolling interests		(7)		7		(61)

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, 2016

	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Treasury stock (Note 10)	Total shareholders' equity
		Millions of yen — Shareholders' equity				
Balance at April 1, 2015	82,771,473	¥ 11,829	¥ 17,173	¥ 6,139	¥ (288)	¥ 34,853
Cumulative effects of changes in accounting principle			(136)	12		(124)
Restated balance		11,829	17,037	6,151	(288)	34,729
Changes during the year						
Cash dividends paid				(574)		(574)
Profit attributable to owners of parent for the period				1,783		1,783
Acquisition of treasury stock					(8)	(8)
Disposal of treasury stock			(0)	(3)	13	10
Items other than changes in shareholders' equity						
Balance at March 31, 2016	82,771,473	¥ 11,829	¥ 17,037	¥ 7,357	¥ (283)	¥ 35,940

	Unrealized gain on securities	Deferred gain (loss) on hedges	Translation adjust-ments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-contolling interests	Total net assets
	Millions of yen — Accumulated other comprehensive income							
Balance at April 1, 2015	¥ 437	¥ 2	¥ 3,292	¥ (617)	¥ 3,114	¥ 115	¥ 82	¥ 38,164
Cumulative effects of changes in accounting principle								(124)
Restated balance	437	2	3,292	(617)	3,114	115	82	38,040
Changes during the year								
Cash dividends paid								(574)
Profit attributable to owners of parent for the period								1,783
Acquisition of treasury stock								(8)
Disposal of treasury stock								10
Items other than changes in shareholders' equity	(281)	(2)	(941)	(1,577)	(2,801)	6	(7)	(2,802)
Balance at March 31, 2016	¥ 156	¥ 0	¥ 2,351	¥ (2,194)	¥ 313	¥ 121	¥ 75	¥ 36,449

For the year ended March 31, 2015

	Number of shares issued	Millions of yen: Shareholders' equity: Common stock	Additional paid-in capital	Retained earnings	Treasury stock (Note 10)	Total shareholders' equity
Balance at April 1, 2014	82,771,473	¥ 11,829	¥ 17,173	¥ 3,078	¥ (281)	¥ 31,799
Changes during the year						
Cash dividends paid				(492)		(492)
Profit attributable to owners of parent for the period				3,106		3,106
Acquisition of treasury stock					(9)	(9)
Disposal of treasury stock			0	(1)	2	1
Changes of scope of consolidation				448		448
Items other than changes in shareholders' equity						
Balance at March 31, 2015	82,771,473	¥ 11,829	¥ 17,173	¥ 6,139	¥ (288)	¥ 34,853

	Millions of yen: Accumulated other comprehensive income: Unrealized gain on securities	Deferred gain (loss) on hedges	Translation adjust-ments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-contolling interests	Total net assets
Balance at April 1, 2014	¥ 129	¥ (8)	¥ 939	¥ (1,138)	¥ (78)	¥ 99	¥ 75	¥ 31,895
Changes during the year								
Cash dividends paid								(492)
Profit attributable to owners of parent for the period								3,106
Acquisition of treasury stock								(9)
Disposal of treasury stock								1
Changes of scope of consolidation								448
Items other than changes in shareholders' equity	308	10	2,353	521	3,192	16	7	3,215
Balance at March 31, 2015	¥ 437	¥ 2	¥ 3,292	¥ (617)	¥ 3,114	¥ 115	¥ 82	¥ 38,164

For the year ended March 31, 2016

	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Treasury stock (Note 10)	Total shareholders' equity
		Thousands of U.S. dollars (Note 1(a)) Shareholders' equity				
Balance at April 1, 2015	82,771,473	$ 104,681	$ 151,973	$ 54,327	$ (2,548)	$ 308,433
Cumulative effects of changes in accounting principle			(1,203)	106		(1,097)
Restated balance		104,681	150,770	54,433	(2,548)	307,336
Changes during the year						
Cash dividends paid				(5,079)		(5,079)
Profit attributable to owners of parent for the period				15,779		15,779
Acquisition of treasury stock					(71)	(71)
Disposal of treasury stock			(0)	(27)	115	88
Items other than changes in shareholders' equity						
Balance at March 31, 2016	82,771,473	$ 104,681	$ 150,770	$ 65,106	$ (2,504)	$ 318,053

	Unrealized gain on securities	Deferred gain (loss) on hedges	Translation adjust-ments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-contolling interests	Total net assets
	Thousands of U.S. dollars (Note 1(a)) Accumulated other comprehensive income							
Balance at April 1, 2015	$ 3,867	$ 18	$ 29,132	$ (5,460)	$ 27,557	$ 1,018	$ 726	$ 337,734
Cumulative effects of changes in accounting principle								(1,097)
Restated balance	3,867	18	29,132	(5,460)	27,557	1,018	726	336,637
Changes during the year								0
Cash dividends paid								(5,079)
Profit attributable to owners of parent for the period								15,779
Acquisition of treasury stock								(71)
Disposal of treasury stock								88
Items other than changes in shareholders' equity	(2,487)	(18)	(8,327)	(13,955)	(24,787)	53	(62)	(24,796)
Balance at March 31, 2016	$ 1,380	$ 0	$ 20,805	$ (19,415)	$ 2,770	$ 1,071	$ 664	$ 322,558

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,
	2016	2015	2016
Cash Flows from Operating Activities:			
Profit before income taxes	¥ 3,558	¥ 4,097	$ 31,487
Depreciation	2,659	2,352	23,530
Decrease in net defined benefit liability	(413)	(212)	(3,654)
Decrease in allowance for doubtful accounts	(13)	(36)	(115)
Gain on sales of investment securities	—	(0)	—
Interest and dividend income	(124)	(101)	(1,097)
Interest expense	309	328	2,734
Foreign exchange loss (gain)	480	(63)	4,247
Equity in earnings of affiliates	(267)	(228)	(2,362)
Increase in accrued bonuses	12	49	106
Decrease in accrued bonuses for directors	(0)	(5)	(0)
Decrease (increase) in trade receivable	1,120	(630)	9,911
Decrease (increase) in inventories	1,417	(223)	12,539
Decrease in trade payable	(413)	(1,375)	(3,654)
Other, net	1,214	382	10,743
	9,539	4,335	84,415
Interest and dividends received	284	113	2,513
Interest paid	(311)	(333)	(2,752)
Income taxes paid	(1,167)	(983)	(10,327)
Net cash provided by operating activities	8,345	3,132	73,849
Cash Flows from Investing Activities:			
Purchase of tangible fixed assets	(2,156)	(2,590)	(19,079)
Proceeds from sale of tangible fixed assets	192	1,196	1,699
Purchase of investment securities	(213)	(537)	(1,885)
Proceeds from sale of investment securities	—	1	—
Other, net	(22)	42	(195)
Net cash used in investing activities	(2,199)	(1,888)	(19,460)
Cash Flows from Financing Activities:			
Decrease in short-term loans	(824)	(148)	(7,292)
Proceeds from long-term debt	—	1,440	—
Repayment of long-term debt	(872)	(2,182)	(7,717)
Repayment of lease obligations	(399)	(439)	(3,531)
Purchase of treasury stock	(8)	(9)	(71)
Proceeds from sales of treasury stock	0	0	0
Cash dividends paid	(572)	(496)	(5,062)
Other, net	(0)	(6)	(0)
Net cash used in financing activities	(2,675)	(1,840)	(23,673)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(143)	311	(1,266)
Net Increase (Decrease) in Cash and Cash Equivalents	3,328	(285)	29,450
Cash and Cash Equivalents at the Beginning of the Year	11,689	11,974	103,441
Cash and Cash Equivalents at the End of the Year (Note 3)	¥ 15,017	¥ 11,689	$ 132,891

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 its 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 ¥113=U.S. $1, the approximate rate of exchange on March 31, 2016 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 accompanying consolidated financial statements include the accounts of the Company and, with the exception of entities which are not material, those of its 31 majority owned subsidiaries. All significant inter-company accounts and transactions have been eliminated on consolidation.

Effective from the year ended March 31, 2016, Tamura Thermal Device (H.K.) Co. Ltd. has been excluded from consolidation because of its absorption and merger into the Company.

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:

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 based on past experience for normal receivables and on an estimate of collectability of receivables from companies in financial difficulty.

(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. Intangible assets are amortized by the straight-line method over their respective estimated useful lives.

(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.

(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) Reserve for loss on guarantee

Reserve for loss on guarantee is provided at the estimated amount of future loss in view of the financial position of the guarantee.

(k) Reserve for loss of transfer

Reserve for loss on office transfer, etc. for consolidated subsidiaries is provided at the estimated amount of future loss related to non-cancelable periods of real estate leasing contracts.

(l) Amortization of goodwill

Goodwill is amortized on a straight-line basis over 10 years.

(m) 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.

(n) 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.

(o) Accounting for consumption tax

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(p) Profit per share

Basic profit 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 profit 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 the calculation of basic profit per share and diluted profit per share for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	2016		2015		2016	
Basic profit per share						
Profit attributable to owners of parent for the period	¥	1,783	¥	3,106	$	15,779
Amount not attributable to common stock	¥	—	¥	—	$	—
Total profit attributable to common stock	¥	1,783	¥	3,106	$	15,779
Average number of shares outstanding during the year [thousands of shares]		81,995		82,006		81,995
Diluted profit per share						
Increase in common stock:						
Subscription rights to shares [thousands of shares]		466		436		466

2. Additional Information

(Changes in Accounting Policies)
(Application of "Accounting Standard for Business Combinations" and others)
The Company has applied "Revised Accounting Standards for Business Combinations"(ASBJ Statement No.21,September 13, 2013)(hereinafter, the "Business Combinations Accounting Standard"), "Revised Accounting Standard for Consolidated Financial Statements"(ASBJ Statement No. 22, September 13,2013)(hereinafter, the Consolidation Accounting Standard"), "Revised Accounting Standard for Business Divestitures"(ASBJ Statement No. 7, September 13,2013)(hereinafter, the Business Divestitures Accounting Standard")and other standards from the fiscal year ended March 31,2016.Accordingly,the accounting methods have been changed to record the difference arising from changes in equity in subsidiaries which the Company continues to control in capital surplus, and to record business acquisition costs as expenses for the fiscal year in which they are incurred. In addition, regarding business combinations occurring on or after April 1, 2015, the accounting method has been changed to retroactively reflect adjustments to the amount allocated to acquisition costs arising from the finalization of the provisional accounting treatment on the consolidated financial statements for the period in which the business combination occurs. Furthermore, the presentation of Net Income and others has been changed and the presentation of minority interests has been changed to non-controlling interests. In order to reflect the changes in presentation of the consolidated financial statements, reclassifications were made accordingly in the consolidated statements of cash flows for the fiscal year ended March 31, 2015
The Business Combinations Accounting Standard and other standards have been applied in accordance with the transitional treatment set forth in Article 58-2(3) of the Business Combinations Accounting Standard, Article 44-5(3) of the Consolidation Accounting Standard and Article 57-4(3) of the business Divestitures Accounting Standard. The cumulative effects arising from the retroactive application of these new accounting policies to previous fiscal years were added to or deducted from capital surplus and retained earnings as of April 1, 2015.
As a result, goodwill decreased by ¥124 million ($1,098 thousand), capital surplus decreased by ¥136 million ($1,204 thousand), and retained earnings increased by ¥12 million ($107 thousand) as of April 1, 2015. In addition, operating income, ordinary profits and income before income taxes for the fiscal year ended March 31, 2016 each increased by ¥20 million ($177 thousand).

In the consolidated statements of cash flows from the fiscal year ended March 31, 2016, cash flows related to the acquisition or sale of the shares of subsidiaries that do not result in a change in the scope of consolidation are classified into cash flow from financing activities. Cash flows related to costs arising from the acquisition of shares of subsidiaries that result in a change in the scope of consolidation or costs arising from the acquisition or sale of shares of subsidiaries that result in a change in the scope of consolidation are classified into cash flow from operating activities.
As a result of the reflection of the cumulative effects of these changes on net assets as of April 1, 2015, capital surplus decreased by ¥136 million ($1,204thousand) and retained earnings increased by ¥12 million ($107 thousand) as of April1, 2015 in the consolidated statements of changes in net assets.
Similarly, net assets per share as of the end of the fiscal year decreased by ¥1.26 ($0) while basic and diluted earnings per share for the fiscal year ended March 31,2016increased by ¥0.25 ($0), respectively.

(Unapplied Accounting Standards, etc.)
Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No.26, March 28, 2016)

(a) Overview
The practical guidance on accounting standards and auditing standards (where it is related to the accounting treatment) for tax effect accounting, issued by the Japanese Institute of Certified Public Accountants (JICPA), is to be transferred to the competence of the Accounting Standards Board of Japan (ASBJ).
For the sake of said transfer," Implementation Guidance on Recoverability of deferred Tax Assets (Implementation Guidance)" has been issued by the ASBJ, based, in principle, on the framework used in the "Audit Treatment of Judgments with Regard to Recoverability of Deferred Tax Assets" (Report No.66, the audit committee of the JICPA), where the recoverability is assessed in accordance with five corporate categories. The Implementation Guidance made certain necessary changes in the criteria for these categories and also in the treatment of the amount of deferred tax assets.
The Implementation Guidance thereby provides the guidelines in applying the "Accounting Standard for Tax Effect Accounting", by the Business Accounting Council, in view of recoverability of deferred tax assets.
(The requirements of classification and the changes in the treatment of the amount of deferred tax assets)
・Treatment of companies that do not fall into any of the five corporate categories
・Criteria for inclusion in categories 2 and 3
・Treatment of deductible temporary differences that cannot be scheduled for category 2 entities
・Determination of the reasonable period of time for estimating future changes in amounts of taxable income before adding or deducting temporary differences for category 3 entities
・Treatment of category 4 entities that also meet the criteria for inclusion in category 2 and 3.

(b) Date of adoption
This implementation guidance will be adopted from the fiscal year beginning on April 1, 2016.

(c) Impact of adoption of implementation guidance
The Company is currently evaluating the effects of adopting this implementation guidance.

3. Supplementary Cash Flow Information

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits with a maturity of 3 months or less and which represent a minor risk of fluctuation in value.
At March 31, 2016 and 2015, cash and cash equivalents consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Cash and bank deposits	¥ 15,133	¥ 11,816	$ 133,920
Time deposits with maturities of over 3 months	(116)	(127)	(1,029)
Cash and cash equivalents	¥ 15,017	¥ 11,689	$ 132,891

4. 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 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, 2016 and 2015 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, 2016					
	Millions of yen					
	Book value		Fair value		Difference	
Cash and bank deposits	¥	15,133	¥	15,133	¥	—
Notes and accounts receivable-trade		21,518		21,518		—
Investment securities						
Other securities		1,772		1,772		—
Total assets	¥	38,423	¥	38,423	¥	—
Notes and accounts payable-trade	¥	10,844	¥	10,844	¥	—
Short-term loans		4,865		4,865		—
Current portion of long-term debt		5,493		5,524		31
Long-term debt		9,421		9,570		149
Lease obligations		832		815		(17)
Total liabilities	¥	31,455	¥	31,618	¥	163
Derivatives (*)						
Hedge accounting is not applied	¥	—	¥	—	¥	—
Hedge accounting is applied		0		0		—
Total derivatives	¥	0	¥	0	¥	—

	As of March 31, 2015					
	Millions of yen					
	Book value		Fair value		Difference	
Cash and bank deposits	¥	11,816	¥	11,816	¥	—
Notes and accounts receivable-trade		23,685		23,685		—
Investment securities						
Other securities		1,989		1,989		—
Total assets	¥	37,490	¥	37,490	¥	—
Notes and accounts payable-trade	¥	11,656	¥	11,656	¥	—
Short-term loans		5,906		5,906		—
Current portion of long-term debt		872		879		7
Long-term debt		14,914		15,129		215
Lease obligations		918		918		(0)
Total liabilities	¥	34,266	¥	34,488	¥	222
Derivatives (*)						
Hedge accounting is not applied	¥	—	¥	—	¥	—
Hedge accounting is applied		2		2		—
Total derivatives	¥	2	¥	2	¥	—

	As of March 31, 2016		
	Thousands of U.S. dollars		
	Book value	Fair value	Difference
Cash and bank deposits	$ 133,920	$ 133,920	$ —
Notes and accounts receivable-trade	190,425	190,425	—
Investment securities			
Other securities	15,681	15,681	—
Total assets	$ 340,026	$ 340,026	$ —
Notes and accounts payable-trade	$ 95,965	$ 95,965	$ —
Short-term loans	43,053	43,053	—
Current portion of long-term debt	48,610	48,885	275
Long-term debt	83,372	84,690	1,318
Lease obligations	7,363	7,212	(151)
Total liabilities	$ 278,363	$ 279,805	$ 1,442
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 5. 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 15. Derivative Financial Instruments".

2. Financial instruments for which the fair value is extremely difficult to measure at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Available-for-sale securities without market quotations:			
Unlisted securities	¥ 2,160	¥ 2,029	$ 19,115
Total	¥ 2,160	¥ 2,029	$ 19,115

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, 2016 and 2015 were as follows:

	As of March 31, 2016	
	Millions of yen	
	Due within 1 year	Due after 1 year through 5 years
Cash and bank deposits	¥ 15,133	¥ —
Notes and accounts receivable-trade	21,518	—
Total	¥ 36,651	¥ —

	As of March 31, 2015	
	Millions of yen	
	Due within 1 year	Due after 1 year through 5 years
Cash and bank deposits	¥ 11,816	¥ —
Notes and accounts receivable-trade	23,685	—
Total	¥ 35,501	¥ —

	As of March 31, 2016	
	Thousands of U.S. dollars	
	Due within 1 year	Due after 1 year through 5 years
Cash and bank deposits	$ 133,920	$ —
Notes and accounts receivable-trade	190,425	—
Total	$ 324,345	$ —

4. The redemption schedules for long-term debt and lease obligations were disclosed in "Note 7. Short-term Loans and Long-term Debt".

5. Securities

(a) At March 31, 2016 and 2015, securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Available-for-sale securities for which market quotations are available			
Acquisition cost	¥ 1,458	¥ 1,339	$ 12,903
Book value	1,772	1,989	15,681
Unrealized gain	¥ 314	¥ 650	$ 2,778

(b) Sales of securities classified as other securities and the aggregate gain and loss for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Sales proceeds			
Available-for-sale securities	¥ –	¥ 1	$ –
Aggregate gain			
Available-for-sale securities	¥ –	¥ 0	$ –
Aggregate loss			
Available-for-sale securities	¥ –	¥ –	$ –

6. Inventories

At March 31, 2016 and 2015, inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Merchandise	¥ 4,214	¥ 4,360	$ 37,292
Finished goods	1,324	1,399	11,717
Work in process	1,806	2,310	15,982
Raw materials and supplies	5,188	6,343	45,912
Total	¥ 12,532	¥ 14,412	$ 110,903

7. Short-term Loans and Long-term Debt

Short-term loans at March 31, 2016 and 2015 were principally bank overdrafts and short-term notes bearing interest at annual average interest rates of 1.08% and 1.18%, respectively.

At March 31, 2016 and 2015, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Long-term loans, principally from banks (*)	¥ 14,914	¥ 15,787	$ 131,982
Lease obligations	832	918	7,363
	15,746	16,705	139,345
Less: current portion - Long-term loans	(5,493)	(873)	(48,610)
Less: current portion - Lease obligations	(344)	(371)	(3,044)
Total	¥ 9,909	¥ 15,461	$ 87,691

(*) At March 31, 2016 and 2015, long-term loans and lease obligations consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Long-term loans, at an annual average rate of 1.37 (2014 - 1.44)	¥ 9,421	¥ 14,914	$ 83,372
Lease obligations, at an annual average rate of 2.16 (2014 - 2.24)	488	547	4,319
Current portion- Long-term loans, at an annual average rate of 1.55 (2014 - 1.25)	5,493	872	48,610
Current portion- Lease obligations, at an annual average rate of 2.42 (2014 - 2.47)	344	371	3,044
	¥ 15,746	¥ 16,704	$ 139,345

The aggregate annual maturities of long-term debt and lease obligations at March 31, 2016 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,				
2018	¥ 3,457	¥ 189	$ 30,592	$ 1,672
2019	5,881	143	52,044	1,265
2020	82	58	725	513
2021	—	30	—	265

8. Retirement Benefit Plan

(a) Outline of employee retirement benefits

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 a severance indemnity by the Companies.

KOHA CO., LTD. (KOHA) also has defined benefit retirement plans covering substantially all employees. Benefits under the plans are covered by three plans. One is an employees' pension fund, the second is governed by the regulations of the Defined Benefit Corporate Pension Law, and the third is a severance indemnity by KOHA.
Certain foreign consolidated subsidiaries have defined benefit pension plans and defined benefit lump-sum payment plans. The Company also has employee retirement benefit trusts.
During the year ended March 31, 2011, the Company and some of its domestic consolidated subsidiaries have changed a part of their retirement benefit plans from defined benefit plans to defined contribution plans.
Certain foreign consolidated subsidiaries have introduced their own defined contribution plans.

(b) Contributory defined benefit retirement plan

(1) The changes in the defined benefit obligation and fair value of plan assets except plans for which the simplified method is applied for calculating retirement benefit obligations adopted by certain consolidated subsidiaries, during the fiscal years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Change in benefit obligations:			
Benefit obligation, the beginning of the year	¥ 11,658	¥ 10,695	$ 103,168
Service cost	426	383	3,770
Interest cost	175	217	1,548
Actuarial loss (gain)	1,117	666	9,884
Benefit payments	(580)	(429)	(5,132)
Effects of changes in foreign exchange rates	(78)	126	(690)
Other	33	(0)	292
Benefit obligation, the end of the year	¥ 12,751	¥ 11,658	$ 112,840
Change in fair value of plan assets:			
Plan assets, the beginning of the year	¥ 9,916	¥ 8,224	$ 87,752
Expected return on plan assets	224	163	1,982
Actuarial gain	(564)	1,031	(4,991)
Employer contributions	771	777	6,823
Benefit payments	(447)	(366)	(3,956)
Effects of changes in foreign exchange rates	(46)	87	(407)
Plan assets, the end of the year	¥ 9,854	¥ 9,916	$ 87,203

(2) Changes in the defined benefit obligation and fair value of plan assets estimated by the simplified method for calculating retirement benefit obligations for the year ended March 31, 2016 and 2015.

	Millions of yen				Thousands of U.S. dollars	
	2016		2015		2016	
Change in net defined benefit liability						
Net defined benefit liability, the beginning of the year	¥	118	¥	107	$	1,044
Service cost		12		16		106
Benefit payments		(7)		(5)		(62)
Other		(15)		—		(133)
Benefit obligation, the end of the year	¥	108	¥	118	$	955

(3) Reconciliation of the projected benefit obligation and plan assets with net defined benefit liability and asset reflected on the consolidated balance sheets as of march 31, 2016 and 2015.

	Millions of yen				Thousands of U.S. dollars	
	2016		2015		2016	
Funded projected benefit obligation	¥	12,367	¥	11,273	$	109,442
Plan assets		(9,854)		(9,916)		(87,203)
	¥	2,513	¥	1,357	$	22,239
Unfunded projected benefit obligation		494		504		4,372
Net of liability and asset reported on the consolidated balance sheets	¥	3,007	¥	1,861	$	26,611
Net defined benefit liability	¥	3,252	¥	2,765	$	28,779
Net defined benefit asset		(245)		(904)		(2,168)
Net of liability and asset reported on the consolidated balance sheets	¥	3,007	¥	1,861	$	26,611

(4) Components of pension expense for the years ended March 31, 2016 and 2015.

	Millions of yen				Thousands of U.S. dollars	
	2016		2015		2016	
Service cost	¥	439	¥	400	$	3,884
Interest cost		175		217		1,548
Expected return on plan assets		(224)		(162)		(1,982)
Amortization of prior service cost		(29)		(73)		(256)
Amortization of actuarial differences		78		233		691
Other		211		5		1,867
Net pension expense	¥	650	¥	620	$	5,752

(5) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before tax effect) in accumulated other comprehensive income and other comprehensive income were as follows for the year ended march 31, 2016 and 2015.

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Prior service cost	¥ 29	¥ 73	$ 256
Net actuarial difference	1,558	(597)	13,788
Total	¥ 1,587	¥ (524)	$ 14,044

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrecognized prior service cost	¥ (194)	¥ (224)	$ (1,717)
Unrecognized actuarial difference	2,384	826	21,097
Total	¥ 2,190	¥ 602	$ 19,380

(6) Matters related to pension assets

i. Major components of pension assets

The fair values of plan assets, by major category, as a percentage of total plan assets as of March 31, 2016 and 2015 were as follows.

	2016	2015
Bonds	35 %	35 %
Equity securities	44	47
Life insurance company general accounts	12	11
Cash and cash equivalents	1	2
Other	8	5
	100 %	100 %

*Of total plan assets, 19% and 23% were included in a retirement benefit trust (stocks, cash and bank deposits) established for the corporate pension plan as of March 31, 2016 and 2015, respectively.

ii. Method for expected long-term rate of return on pension plan

The Companies determine the expected long-term rate of return on pension plan assets based on the current and expected asset allocation, as well as the current and expected long-term rate of return from various assets which constitute the plan assets.

(7) Assumptions used in actuarial calculations

The assumptions used in accounting for the above plans for the years ended March 31, 2016 and 2015 were as follows.

	2016	2015
Discount rates	0.0 ~ 5.3 %	1.0 ~ 5.3 %
Expected rate of long-term return on plan assets	1.8 ~ 3.1	1.1 ~ 2.9
Expected rates of salary	3.9 ~ 5.0	3.9 ~ 4.4

(c) Defined contribution plans

The required contributions by the Companies were ¥185 million ($1,638 thousand) and ¥182 million as of March 31, 2016 and 2015, respectively.

9. Other Comprehensive Income

Reclassification adjustments and the related tax effects for components of other comprehensive income for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrealized gain on securities			
Amount arising during the period	¥ (336)	¥ 408	$ (2,973)
Reclassification adjustments for gains and losses included in net income	—	0	0
Before tax effect	(336)	408	(2,973)
Tax effect	55	(100)	486
Unrealized gain on securities	(281)	308	(2,487)
Deferred loss on hedges			
Amount arising during the period	(3)	10	(26)
Reclassification adjustments for gains and losses included in net income	—	—	—
Before tax effect	(3)	10	(26)
Tax effect	1	—	8
Deferred loss on hedges	(2)	10	(18)
Translation adjustments			
Amount arising during the period	(868)	1,956	(7,681)
Reclassification adjustments for gains and losses included in net income	—	260	—
Before tax effect	(868)	2,216	(7,681)
Tax effect	—	—	—
Translation adjustments	(868)	2,216	(7,681)
Remeasurements of defined benefit plans			
Amount arising during the period	(1,636)	362	(14,477)
Reclassification adjustments for gains and losses included in net income	48	162	424
Before tax effect	(1,588)	524	(14,053)
Tax effect	11	(3)	98
Pension liability adjustments	(1,577)	521	(13,955)
Share of other comprehensive income of affiliates accounted for using equity method			
Amount arising during the period	(79)	144	(699)
Total amount of other comprehensive income	¥ (2,807)	¥ 3,199	$ (24,840)

10. Treasury Stock

The Company had 759 thousand shares and 775 thousand shares of treasury stock as of March 31, 2016 and 2015, respectively, in order to prepare for the exercise of stock options granted to certain directors and executive officers, 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 component of shareholders' equity.

11. Selling, General and Administrative Expenses

For the years ended March 31, 2016 and 2015, the significant components of selling, general and administrative expenses were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Salaries	¥ 5,941	¥ 6,032	$ 52,575
Pension expense	449	563	3,973
Research and development expense	1,182	1,179	10,460
Freight	1,942	1,980	17,185
Reserve for directors' bonuses	65	67	575
Accrued bonuses	637	671	5,637

12. Research and Development Expenses

Total research and development expenses included in manufacturing costs and selling, general and administrative expenses amounted to ¥1,240 million ($10,973 thousand) and ¥1,233 million for the years ended March 31, 2016 and 2015, respectively.

13. Income Taxes

At March 31, 2016 and 2015, the significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Accrued bonuses	¥ 318	¥ 340	$ 2,814
Accrued enterprise taxes	53	30	469
Net defined benefit liability	969	1,124	8,575
Tax loss carryforwards	2,374	3,031	21,009
Loss on valuation of investment securities	280	364	2,478
Loss on impairment of fixed assets	142	94	1,256
Other	504	593	4,460
Total	4,640	5,576	41,061
Valuation allowance	(3,778)	(4,523)	(33,433)
Total deferred tax assets	¥ 862	¥ 1,053	$ 7,628
Deferred tax liabilities:			
Unrealized gain on securities	¥ 117	¥ 172	$ 1,035
Other	440	—	3,894
Total deferred tax liabilities	557	172	4,929
Net deferred tax assets	¥ 305	¥ 881	$ 2,699

The reconciliation between the statutory tax rate and the effective tax rate for the years ended March 31, 2016 and 2015 was as follows:

	2016	2015
Statutory tax rate	33.0 %	35.0 %
Effect of:		
Non-deductible expenses	2.0	1.8
Non-taxable items	(0.3)	(1.7)
Inhabitant tax on per capita basis	0.9	0.8
Amortization of goodwill	1.0	2.9
Equity in earnings (losses) of affiliated companies	(2.5)	(3.9)
Tax rate difference applied for foreign subsidiaries	(2.2)	(13.9)
Change in valuation allowance	(1.6)	(1.1)
Foreign income taxes	8.7	3.8
Adjustment on deferred tax assets due to change in income tax rate	1.2	1.6
Others	9.7	(1.1)
Effective tax rate	49.9 %	24.2 %

(Revisions in the Amounts of Deferred Tax Assets and liabilities as a result of a Change in the Corporate Tax Rate)
“Act on Partial Amendment to the Income Tax Act, etc.” (Act No.15, 2016) and “Act on Partial Amendment to the Local Tax Act, etc.” (Act No.13, 2016) were enacted on March 29, 2016, and accordingly, the corporate tax act and other rates have been lowered from fiscal years beginning on or after April 1, 2016.
As a result, the effective statutory tax rate used to measure the Company’s deferred tax assets and liabilities was changed from 32.0% to 30.0% for the temporary differences expected to be realized or settled during the fiscal year beginning April 1, 2016.The effect of the announced reduction of the statutory effective tax rate was to decrease deferred tax assets after offsetting deferred tax liabilities by ¥24 million ($213 thousand) and increase deferred income taxes, valuation difference on available-for-sale securities, deferred losses on hedges and remeasurements of defined benefit plans by ¥32 million ($284 thousand), ¥7 million ($62 thousand), ¥0 million ($0 thousand) and ¥0 million ($0 thousand),respectively, as of and for the year ended March 31, 2016. In addition, due to the revision of the net operating loss carry-forward system, the amount of net operating losses that can be deducted has been limited to the equivalent of 60% of taxable income before such deductions in the fiscal year beginning on April 1, 2016, while the amount of net operating losses that can be deducted has been limited to the equivalent of 55% of taxable income before such deductions in or after the fiscal year beginning on April 1, 2017 and the amount of net operating losses that can be deducted has been limited to the equivalent of 50% of taxable income before such deductions in or after the fiscal year beginning on April 1, 2018.
As a result of the change in the net operating loss carry-forward system, deferred tax assets decreased by ¥4 million ($36 thousand) and deferred income taxes increased by ¥4 million ($36 thousand).

14. 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.

Operating lease transactions (lessee)

The future payments under non-cancelable operating leases as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within one year	¥ 239	¥ 228	$ 2,115
Due after one year	516	645	4,566
	¥ 755	¥ 873	$ 6,681

15. 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, 2016 and 2015, 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, 2016 and 2015, for which hedge accounting has been applied are summarized as follows:

(a) Foreign currency-related transactions

Derivative transactions	Main hedged items	As of March 31, 2016 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	¥ 1,860	¥ —	¥ [*1]
EUR		45	—	[*1]
Buy				
USD	Accounts payable-trade	1,368	—	[*1]
Deferral hedge accounting:				
Forward foreign exchange contracts:				
Sell				
USD	Contracts outstanding	9	—	0
Buy				
USD	Contracts outstanding	12	—	(0)
Total		¥ 3,294	¥ —	¥ 0

Derivative transactions	Main hedged items	As of March 31, 2015 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	¥ 2,964	¥ —	¥ [*1]
EUR		92	—	[*1]
Buy				
USD	Accounts payable-trade	559	—	[*1]
Deferral hedge accounting:				
Forward foreign exchange contracts:				
Sell				
USD	Contracts outstanding	19	—	(0)
Buy				
USD	Contracts outstanding	143	—	3
Total		¥ 3,777	¥ —	¥ 3

Derivative transactions	Main hedged items	As of March 31, 2016 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	$ 16,460	$ —	$ [*1]
EUR		398	—	[*1]
Buy				
USD	Accounts payable-trade	12,106	—	[*1]
Deferral hedge accounting:				
Forward foreign exchange contracts:				
Sell				
USD	Contracts outstanding	80	—	0
Buy				
USD	Contracts outstanding	106	—	(0)
Total		$ 29,150	$ —	$ 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, 2016 Millions of yen Contract amount	Portion maturing over one year	Fair value
Interest-rate swaps:				
Pay fixed and receive variable	Long-term debt	¥ 11,862	¥ 7,022	¥ [*]

Derivative transactions	Main hedged items	As of March 31, 2015 Millions of yen Contract amount		Portion maturing over one year		Fair value	
Interest-rate swaps:							
Pay fixed and receive variable	Long-term debt	¥	12,483	¥	11,862	¥	[*]

Derivative transactions	Main hedged items	As of March 31, 2016 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	$	104,973	$	62,141	$	[*]

[*] The fair value is included in the fair value of long-term debt since the short-cut method is applied.

16. Contingent Liabilities

The Companies are contingently liable as guarantors of borrowings for a non-consolidated subsidiary (TE Energy Co., Ltd. and Novel Crystal Technology, Inc.) in amount of ¥300 million ($2,655 thousand) and ¥30 million ($266 thousand) at March 31, 2016, respectively.
The Companies were contingently liable as guarantors of borrowings for a non-consolidated subsidiary (TE Energy Co., Ltd.) in amount of ¥300 million ($2,500 thousand) at March 31, 2015.

17. Loan Commitment

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

The status of these contracts as of March 31, 2016 and 2015 is summarized as follows:

	Millions of yen 2016		2015		Thousands of U.S. dollars 2016	
Maximum overdraft amount and total amount of loan commitment	¥	2,500	¥	2,500	$	22,123
Executed loan amounts		—		—		—
Net amount	¥	2,500	¥	2,500	$	22,123

18. Loss on Impairment of Fixed Assets

The Companies recognized no impairment losses for the following group of assets during the year ended March 31, 2015.
The Companies recognized impairment losses for the following group of assets during the year ended March 31, 2016.
Loss on impairment of fixed assets:
At the Board of Directors meeting held on January 27, 2016, the Company resolved to close a factory of a consolidated subsidiary, Koha, in Hamamatsu.
As a result an impairment loss was recognized on certain fixed assets.

Amount of impairment loss: ¥76 million ($673 thousand)
(Asset categories)
Machinery and vehicles: ¥7 million ($62 thousand)
Equipment: ¥0 million ($0 thousand)
Investment: ¥56 million ($496 thousand)

Transfer cost and others: ¥10 million ($89 thousand)

Asset grouping:
Assets are generally grouped by the lowest level that generates independent cash flows, based on the business segmentation.

Estimation of the recoverable value:
The amount recoverable is measured by the net selling amount based on appraisal value.

19. Stock Options

(a) Stock options expenses recognized in selling, general and administrative expenses for the years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Selling, general and administrative expenses	¥ 15	¥ 16	$ 132

(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	TAMURA CORPORATION The 10th Stock Option Plan June 27, 2013
Title and number of grantees	Directors 6 (Exclude outside director) Executive officers 6	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	Common shares 78,000
Grant date	July 1, 2011	July 1, 2012	July 1, 2013
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, 2011 to June 30, 2041	July 1, 2012 to June 30, 2042	July 1, 2013 to June 30, 2043

Date of resolution	TAMURA CORPORATION The 11th Stock Option Plan June 26, 2014	TAMURA CORPORATION The 12th Stock Option Plan June 26, 2015
Title and number of grantees	Directors 6 (Exclude outside director) Executive officers 6	Directors 7 (Exclude outside director) Executive officers 5
Number of stock options	Common shares 52,000	Common shares 36,000
Grant date	July 1, 2014	July 1, 2015
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, 2014 to June 30, 2044	July 1, 2015 to June 30, 2045

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 movement in stock options for the year ended Mach 31, 2016 is presented after conversion to number of shares.

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	13,000	13,000	16,000
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	13,000	13,000	16,000
After vested			
Previous fiscal year-end	2,000	2,000	2,000
Vested	—	—	—
Exercised	2,000	2,000	2,000
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	23,000	59,000	42,000
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	23,000	59,000	42,000
After vested			
Previous fiscal year-end	3,000	8,000	4,000
Vested	—	—	—
Exercised	3,000	8,000	4,000
Forfeited	—	—	—
Exercisable	—	—	—

Date of resolution	TAMURA CORPORATION The 8th Stock Option Plan June 29, 2011	TAMURA CORPORATION The 9th Stock Option Plan June 28, 2012	TAMURA CORPORATION The 10th Stock Option Plan June 27, 2013
Before vested			
Previous fiscal year-end	51,000	65,000	78,000
Granted	—	—	—
Forfeited	—	—	—
Vested	5,000	4,000	4,000
Outstanding	46,000	61,000	74,000
After vested			
Previous fiscal year-end	10,000	7,000	—
Vested	5,000	4,000	4,000
Exercised	6,000	7,000	—
Forfeited	—	—	—
Exercisable	9,000	4,000	4,000

Date of resolution	TAMURA CORPORATION The 11th Stock Option Plan June 26, 2014	TAMURA CORPORATION The 12th Stock Option Plan June 26, 2015
Before vested		
Previous fiscal year-end	52,000	—
Granted	—	36,000
Forfeited	—	1,000
Vested	2,000	—
Outstanding	50,000	35,000
After vested		
Previous fiscal year-end	—	—
Vested	2,000	—
Exercised	—	—
Forfeited	—	—
Exercisable	2,000	—

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	241	241	241
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	241	415	241
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	TAMURA CORPORATION The 10th Stock Option Plan June 27, 2013
Exercise price	1	1	1
Average stock price at exercise	241	241	—
Fair value at the grant date	203	151	163

Date of resolution	TAMURA CORPORATION The 11th Stock Option Plan June 26, 2014	TAMURA CORPORATION The 12th Stock Option Plan June 26, 2015
Exercise price	1	1
Average stock price at exercise	—	—
Fair value at the grant date	321	423

(c) Valuation technique used to determine the fair value of stock options

TAMURA CORPORATION The 12th plan stock options granted in the fiscal year were valued using the following valuation technique.

Valuation technique: Black-Scholes option-pricing model

Principal assumptions used in the option-pricing model:

Date of resolution	TAMURA CORPORATION The 12th Stock Option Plan June 26, 2015
Expected volatility(*1)	43.31%
Average expected life(*2)	10 years
Expected dividends(*3)	7 yen per share
Risk-free interest rate(*4)	0.45%

(*1) Calculated based on the actual stock prices from April 2005 to June 2015.

(*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) Calculated based on actual dividends on common stock for the fiscal year ended March 31, 2015, 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 forfeited

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 Significant Accounting Policies.
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, 2016

	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	¥ 54,602	¥ 24,742	¥ 5,251	¥ 84,595	¥ 47	¥ 84,642	¥ —	¥ 84,642
Inter-segment	24	130	32	186	627	813	(813)	—
	54,626	24,872	5,283	84,781	674	85,455	(813)	84,642
Segment income (loss)	¥ 974	¥ 3,182	¥ 678	¥ 4,834	¥ (14)	¥ 4,820	¥ (554)	¥ 4,266
Other items								
Depreciation and amortization	¥ 1,377	¥ 1071	¥ 136	¥ 2,584	¥ 26	¥ 2,610	¥ 49	¥ 2,659
Amortization of goodwill	¥ 105	¥ —	¥ —	¥ 105	¥ —	¥ 105	¥ —	¥ 105
Increase in tangible and intangible fixed assets	¥ 1,539	¥ 632	¥ 159	¥ 2,330	¥ 52	¥ 2,382	¥ 7	¥ 2,389

Year ended March 31, 2015

	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	¥ 57,739	¥ 24,365	¥ 4,123	¥ 86,227	¥ 21	¥ 86,248	¥ —	¥ 86,248
Inter-segment	0	74	60	134	668	802	(802)	—
	57,739	24,439	4,183	86,361	689	87,050	(802)	86,248
Segment income (loss)	¥ 1,487	¥ 2,940	¥ 379	¥ 4,806	¥ (43)	¥ 4,763	¥ (734)	¥ 4,029
Other items								
Depreciation and amortization	¥ 1,299	¥ 910	¥ 88	¥ 2,297	¥ 39	¥ 2,336	¥ 16	¥ 2,352
Amortization of goodwill	¥ 117	¥ 0	¥ —	¥ 117	¥ —	¥ 117	¥ —	¥ 117
Increase in tangible and intangible fixed assets	¥ 1,764	¥ 1,154	¥ 70	¥ 2,988	¥ 16	¥ 3,004	¥ 0	¥ 3,004

	Year ended March 31, 2016							
	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	$ 483,203	$ 218,956	$ 46,469	$ 748,628	$ 416	$ 749,044	$ –	$ 749,044
Inter-segment	213	1,150	283	1,646	5,548	7,194	(7,194)	–
	483,416	220,106	46,752	750,274	5,964	756,238	(7,194)	749,044
Segment income (loss)	$ 8,619	$ 28,159	$ 6,000	$ 42,778	$ (124)	$ 42,654	$ (4,902)	$ 37,752
Other items								
Depreciation and amortization	$ 12,186	$ 9,478	$ 1,203	$ 22,867	$ 230	$ 23,097	$ 433	$ 23,530
Amortization of goodwill	$ 929	$ –	$ –	$ 929	$ –	$ 929	$ –	$ 929
Increase in tangible and intangible fixed assets	$ 13,619	$ 5,593	$ 1,407	$ 20,619	$ 460	$ 21,079	$ 62	$ 21,141

(*1) "Other" includes businesses not included in the reportable segments, which includes the transportation, warehouse businesses in the fiscal year ended March 31, 2016.

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Inter-segment eliminations	¥ 62	¥ 54	$ 548
Corporate costs (*)	(617)	(788)	(5,457)
Total	¥ (555)	¥ (734)	$ (4,909)

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

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

(Application of “Accounting Standard for Business Combinations” and others)
As noted in the previous section, “Change in Accounting Policies”, the Company has applied “Business Combinations Accounting Standard” and other standards from the fiscal year ended March 31, 2016. Accordingly, the accounting methods have been changed to record the difference arising from changes in equity in subsidiaries which the Company continues to control in capital surplus, and to record business acquisition costs as expenses for the fiscal year in which they are incurred.
As a result of this change, segment income in the Electronic Components business and in the Electronic Chemicals/FA Systems business increased by ¥20 million ($177 thousand) and ¥0million ($0 thousand), respectively for the year ended March 31, 2016.

(d) Related information

(1) Information by product and service

	Year ended March 31, 2016				
	Millions of yen				
	Electronic Components	Electronic Chemicals / FA Systems	Information Equipment	Other	Consolidated
Sales- Customers	¥ 54,602	¥ 24,742	¥ 5,251	¥ 47	¥ 84,642

	Year ended March 31, 2015				
	Millions of yen				
	Electronic Components	Electronic Chemicals / FA Systems	Information Equipment	Other	Consolidated
Sales- Customers	¥ 57,739	¥ 24,365	¥ 4,123	¥ 21	¥ 86,248

	Year ended March 31, 2016				
	Thousands of U.S. dollars				
	Electronic Components	Electronic Chemicals / FA Systems	Information Equipment	Other	Consolidated
Sales- Customers	$ 483,203	$ 218,956	$ 46,469	$ 416	$ 749,044

(2) Information by geographical area

	Year ended March 31, 2016					
	Millions of yen					
	Japan	Asia	Europe	North and South America	Other	Consoli－dated
Net Sales	¥ 36,563	¥ 38,554	¥ 5,881	¥ 3,643	¥ 1	¥ 84,642

	Year ended March 31, 2015					
	Millions of yen					
	Japan	Asia	Europe	North and South America	Other	Consoli－dated
Net Sales	¥ 39,002	¥ 36,561	¥ 7,723	¥ 2,958	¥ 4	¥ 86,248

	Year ended March 31, 2016					
	Thousands of U.S. dollars					
	Japan	Asia	Europe	North and South America	Other	Consoli－dated
Net Sales	$ 323,566	$ 341,186	$ 52,044	$ 32,239	$ 9	$ 749,044

	Year ended March 31, 2016				
	Millions of yen				
	Japan	Asia	Europe	North and South America	Consoli－dated
Property, plant and equipment	¥ 11,594	¥ 6,826	¥ 379	¥ 205	¥ 19,004

	Year ended March 31, 2015				
	Millions of yen				
	Japan	Asia	Europe	North and South America	Consoli－dated
Property, plant and equipment	¥ 11,742	¥ 7,342	¥ 459	¥ 219	¥ 19,762

	Japan	Asia	Europe	North and South America	Consoli－dated
	Year ended March 31, 2016				
	Thousands of U.S. dollars				
Property, plant and equipment	$ 102,602	$ 60,407	$ 3,354	$ 1,814	$ 168,177

(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 statements of income for the years ended March 31, 2016 and 2015.

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

Fiscal years ended March 31, 2015: Not applicable

	Electronic Components	Electronic Chemicals / FA Systems	Information Equipment	Other	Consolidated
	Year ended March 31, 2016				
	Millions of yen				
Impairment loss	¥ 76	¥ －	¥ －	¥ －	¥ 76

	Electronic Components	Electronic Chemicals / FA Systems	Information Equipment	Other	Consolidated
	Year ended March 31, 2016				
	Thousands of U.S. dollars				
Impairment loss	$ 673	$ －	$ －	$ －	$ 673

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

	Year ended March 31, 2016				
	Millions of yen				
	Electronic Components	Electronic Chemicals / FA Systems	Information Equipment	Other	Consolidated
Amortization	¥ 105	¥ —	¥ —	¥ —	¥ 105
Balance at March 31	462	—	—	—	462

	Year ended March 31, 2015				
	Millions of yen				
	Electronic Components	Electronic Chemicals / FA Systems	Information Equipment	Other	Consolidated
Amortization	¥ 117	¥ 0	¥ —	¥ —	¥ 117
Balance at March 31	719	2	—	—	721

	Year ended March 31, 2016				
	Thousands of U.S. dollars				
	Electronic Components	Electronic Chemicals / FA Systems	Information Equipment	Other	Consolidated
Amortization	$ 929	$ —	$ —	$ —	$ 929
Balance at March 31	4,088	—	—	—	4,088

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

Fiscal years ended March 31, 2016 and 2015: Not applicable

21. Related Party Transactions

Fiscal years ended March 31, 2015: Not applicable

Year ended March 31, 2016

Related Party	Name	Location	Capital	Business or Occupation	Ownership Ratio of Voting Rights	Relation-ship	Detail of Transaction	Transaction Amount
Close family member	Itsuya Tamura	-	-	Executive adviser	(Owened) Direct: 0.0%	-	Payment of advisory fee	¥10 million ($88 thousand)

(*1) Itsuya Tamura, the executive advisor of the Company, is the father of Naoki Tamura, the Representative Director of the Company. The Company believes that its management systems can be further strengthened by receiving Mr. Tamura's advice on its overall management based on his long business experience, profound insight and strong connections gained through his involvement in management as the Representative Director and the Chairman of the Company.
Remuneration is determined in accordance with the Company's internal rules.

(*2)" Amount of transaction" excludes consumption taxes, while "Ending balance" is reported inclusive of consumption taxes.

22. Subsequent Events

There were no significant subsequent events for the years ended March 31, 2016 and 2015.