
***Kaga Electronics Co., Ltd.
and Subsidiaries***

*Consolidated Financial Statements for the
Years Ended March 31, 2012 and 2011,
and Independent Auditors' Report*



Independent Auditor's Report

To the Board of Directors of
Kaga Electronics Co., Ltd.

We have audited the accompanying consolidated financial statements of Kaga Electronics Co., Ltd. ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidate 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 such internal control as management determines is necessary to enable the preparation of 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 comply with ethical requirements and 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. In making those risk assessments, the auditor considers internal control 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, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. 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.



To the Board of Directors of
Kaga Electronics Co., Ltd.
Page 2

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2012, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Other Matters

1. As described in Note 3, "RESTATEMENTS OF THE PAST CONSOLIDATED FINANCIAL STATEMENTS," the Company restated the consolidated financial statements for the year ended March 31, 2011.
2. The consolidated financial statements of the Company for the year ended March 31, 2011, before making the restatement, were audited by another auditor who expressed an unmodified opinion on those statements on June 29, 2011.
3. The comparative information for the consolidated financial statements for the year ended March 31, 2011, has not been audited, except for items described in the following Note:

(Note)

We have audited the restated items of comparative information for the consolidated financial statements described in Note 3 "RESTATEMENTS OF THE PAST CONSOLIDATED FINANCIAL STATEMENTS." We believe that the restated items are adequate and have been reflected in the comparative information of the consolidated financial statements in an appropriate manner.

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers Arata".

March 6, 2013

Kaga Electronics Co., Ltd. and Subsidiaries

Consolidated Balance Sheets Years Ended March 31, 2011 and 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2011	2012	2012
CURRENT ASSETS:			
Cash and deposits ※2	¥ 11,926	¥ 9,775	\$ 118,937
Notes and accounts receivable-trade ※4	54,025	55,979	681,104
Short-term investment securities	71	74	910
Merchandise and finished goods	15,775	17,104	208,107
Work in process	555	334	4,071
Raw materials and supplies	3,189	4,115	50,069
Deferred tax assets	1,029	861	10,478
Others	6,399	6,272	76,321
Allowance for doubtful accounts	(182)	(144)	(1,754)
Total current assets	92,789	94,374	1,148,246
NONCURRENT ASSETS:			
PROPERTY, PLANT AND EQUIPMENT			
Buildings and structures	4,132	4,818	58,622
Accumulated depreciation	(1,637)	(1,872)	(22,787)
Buildings and structures, net	2,494	2,945	35,835
Machinery, equipment and vehicles	3,787	3,408	41,474
Accumulated depreciation	(2,186)	(1,916)	(23,318)
Machinery, equipment and vehicles, net	1,601	1,492	18,155
Tools, furniture and fixtures	3,889	3,752	45,662
Accumulated depreciation	(2,872)	(2,826)	(34,384)
Tools, furniture and fixtures, net	1,016	926	11,277
Land ※2	4,099	4,077	49,611
Construction in progress	511	45	548
Total property, plant and equipment	9,724	9,487	115,427
INTANGIBLE ASSETS			
Goodwill	464	253	3,087
Software	790	800	9,740
Others	1,344	1,191	14,494
Total intangible assets	2,599	2,245	27,323
INVESTMENTS AND OTHER ASSETS:			
Investment securities ※1, 2	4,493	4,032	49,067
Deferred tax assets	619	341	4,151
Guarantee deposits	2,359	2,068	25,162
Insurance funds	1,129	1,384	16,849
Others	2,511	2,458	29,912
Allowance for doubtful accounts	(1,627)	(1,678)	(20,418)
Total investments and other assets	9,485	8,607	104,724
Total noncurrent assets	21,810	20,340	247,475
Total assets	¥ 114,599	¥ 114,714	\$ 1,395,722

Kaga Electronics Co., Ltd. and Subsidiaries

Consolidated Balance Sheets Years Ended March 31, 2011 and 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
<u>LIABILITIES</u>	<u>2011</u>	<u>2012</u>	<u>2012</u>
CURRENT LIABILITIES:			
Notes and accounts payable-trade ※2, 4	¥ 40,790	¥ 41,748	\$ 507,952
Short-term loans payable ※2	8,505	11,084	134,868
Accrued expenses	2,547	2,443	29,734
Income taxes payable	1,511	1,082	13,172
Provision for directors' bonuses	138	52	634
Others	3,494	3,062	37,256
Total current liabilities	<u>56,987</u>	<u>59,474</u>	<u>723,618</u>
NONCURRENT LIABILITIES:			
Long-term loans payable ※2	4,636	2,833	34,475
Deferred tax liabilities	350	228	2,784
Provision for retirement benefits (Note 13)	1,556	1,579	19,213
Provision for directors' retirement benefits	1,294	1,399	17,021
Asset retirement obligations	226	245	2,986
Others	1,034	1,017	12,379
Total noncurrent liabilities	<u>9,099</u>	<u>7,303</u>	<u>88,861</u>
Total liabilities	<u>66,087</u>	<u>66,777</u>	<u>812,479</u>
NET ASSETS:			
Shareholders' equity			
Capital stock	12,133	12,133	147,627
Capital surplus	13,912	13,912	169,272
Retained earnings	24,952	25,038	304,646
Treasury stock	(1,332)	(1,333)	(16,219)
Total shareholders' equity	<u>49,665</u>	<u>49,751</u>	<u>605,326</u>
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	(246)	(653)	(7,945)
Deferred gains or losses on hedges	0	(24)	(302)
Foreign currency translation adjustment	(2,571)	(2,663)	(32,404)
Total valuation and translation adjustments	<u>(2,817)</u>	<u>(3,341)</u>	<u>(40,652)</u>
Subscription rights to shares	0	0	1
Minority interests	1,664	1,526	18,567
Total net assets	<u>48,512</u>	<u>47,936</u>	<u>583,242</u>
Total liabilities and net assets	<u>¥ 114,599</u>	<u>¥ 114,714</u>	<u>\$ 1,395,722</u>

The accompanying notes are integral part of these financial statements.

Kaga Electronics Co., Ltd. and Subsidiaries

Consolidated Statements of Income and Comprehensive Income Years Ended March 31, 2011 and 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2012	2012
Net sales	¥ 237,811	¥ 229,856	\$ 2,796,649
Cost of sales ※2	207,298	201,350	2,449,819
Gross profit	30,512	28,506	346,830
Selling, general and administrative expenses ※1, 2	27,089	26,438	321,679
Operating income	3,423	2,067	25,151
NON-OPERATING INCOME			
Interest income	70	59	720
Dividends income	67	67	825
Commission fee	208	205	2,503
Amortization of negative goodwill	77	90	1,097
House rent income	114	107	1,313
Others	337	318	3,880
Total non-operating income	876	850	10,341
NON-OPERATING EXPENSES			
Interest expense	113	145	1,769
Foreign exchange losses	488	80	981
Others	99	121	1,484
Total non-operating expenses	701	348	4,234
Ordinary income	3,598	2,569	31,259
EXTRAORDINARY INCOME			
Gain on sales of noncurrent assets ※3	21	17	206
Gain on sales of investment securities	12	255	3,107
Compensation income	140	—	—
Gain of reversal of foreign currency translation adjustment for liquidation of subsidiaries	101	—	—
Insurance income ※5	—	1,295	15,756
Others	—	0	7
Total extraordinary income	275	1,567	19,077
EXTRAORDINARY LOSS			
Loss on retirement of noncurrent assets ※4	14	42	520
Loss on valuation of investment securities	383	23	289
Impairment loss (Notes 10)	0	69	843
Loss on adjustment for changes of accounting standard for asset retirement obligations	38	—	0
Loss on disaster ※5	—	1,044	12,705
Others	213	154	1,875
Total extraordinary loss	651	1,334	16,234
Income before income taxes	3,223	2,802	34,102
Income taxes-current	2,026	1,784	21,713
Income taxes-deferred	(563)	95	1,159
Total income taxes (Note 14)	1,462	1,879	22,872

Kaga Electronics Co., Ltd. and Subsidiaries

Consolidated Statements of Income and Comprehensive Income Years Ended March 31, 2011 and 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2012	2012
Income before minority interests	1,760	922	11,229
Minority interests in income (loss)	(7)	8	104
Net income	1,768	914	11,125
Minority interests in income (loss)	(7)	8	104
Income before minority interests	1,760	922	11,229
OTHER COMPREHENSIVE INCOME			
Valuation difference on available-for-sale securities	(55)	(408)	(4,975)
Deferred gains on hedges	(9)	(25)	(308)
Foreign currency translation adjustment	(874)	(91)	(1,113)
Total other comprehensive income ※6	(938)	(525)	(6,397)
Comprehensive income	821	397	4,831
Comprehensive income attributable to			
Owners of the parent	835	390	4,755
Minority interests	(13)	6	76

The accompanying notes are integral part of these financial statements.

Kaga Electronics Co., Ltd. And Subsidiaries

Consolidated Statements of Shareholders' equity Years Ended March 31, 2011 and 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2012	2012
SHAREHOLDERS' EQUITY			
CAPITAL STOCK			
Capital stock – beginning balance	¥ 12,133	¥ 12,133	\$ 147,627
Changes of items during the period			
Total changes of items during the period	—	—	—
Capital stock - ending balance	<u>12,133</u>	<u>12,133</u>	<u>147,627</u>
CAPITAL SURPLUS			
Capital surplus - beginning balance	13,912	13,912	169,272
Changes of items during the period			
Disposal of treasury stock	(0)	—	—
Total changes of items during the period	(0)	—	—
Capital surplus - ending balance	<u>13,912</u>	<u>13,912</u>	<u>169,272</u>
RETAINED EARNINGS			
Retained earnings - beginning balance	24,012	24,952	303,594
Changes of items during the period			
Dividends from surplus	(827)	(827)	(10,073)
Net income	1,768	914	11,125
Total changes of items during the period	940	86	1,051
Retained earnings - ending balance	<u>24,952</u>	<u>25,038</u>	<u>304,646</u>
TREASURY STOCK			
Treasury stock - beginning balance	(1,332)	(1,332)	(16,214)
Changes of items during the period			
Purchase of treasury stock	(0)	(0)	(5)
Disposal of treasury stock	0	—	—
Total changes of items during the period	(0)	(0)	(5)
Treasury stock - ending balance	<u>(1,332)</u>	<u>(1,333)</u>	<u>(16,219)</u>
TOTAL SHAREHOLDERS' EQUITY			
Shareholders' equity - beginning balance	48,726	49,665	604,280
Changes of items during the period			
Dividends from surplus	(827)	(827)	(10,073)
Net income	1,768	914	11,125
Purchase of treasury stock	(0)	(0)	(5)
Disposal of treasury stock	0	—	—
Total changes of items during the period	939	85	1,046
Shareholders' equity - ending balance	<u>49,665</u>	<u>49,751</u>	<u>605,326</u>

Kaga Electronics Co., Ltd. and Subsidiaries

Consolidated Statements of Shareholders' equity Years Ended March 31, 2011 and 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2012	2012
ACCUMULATED OTHER COMPREHENSIVE INCOME:			
VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES			
Valuation difference on available-for-sale securities - beginning balance	(195)	(246)	(3,003)
Changes of items during the period			
Net changes of items other than shareholders' equity	(51)	(406)	(4,942)
Total changes of items during the period	(51)	(406)	(4,942)
Valuation difference on available-for-sale securities - ending balance	(246)	(653)	(7,945)
DEFERRED GAINES OR LOSSES ON HEDGES			
Deferred gains or losses on hedges - beginning balance	8	0	5
Changes of items during the period			
Net changes of items other than shareholders' equity	(8)	(25)	(307)
Total changes of items during the period	(8)	(25)	(307)
Deferred gains or losses on hedges - ending balance	0	(24)	(302)
FOREIGN CURRENCY TRANSLATION ADJUSTMENT			
Foreign currency translation adjustment - beginning balance	(1,697)	(2,571)	(31,285)
Changes of items during the period			
Net changes of items other than shareholders' equity	(873)	(92)	(1,119)
Total changes of items during the period	(873)	(92)	(1,119)
Foreign currency translation adjustment - ending balance	(2,571)	(2,663)	(32,404)
TOTAL ACCUMULATED OTHER COMPREHENSIVE INCOME			
Accumulated other comprehensive income - beginning balance	(1,884)	(2,817)	(34,283)
Changes of items during the period			
Net changes of items other than shareholders' equity	(933)	(523)	(6,369)
Total changes of items during the period	(933)	(523)	(6,369)
Accumulated other comprehensive income - ending balance	(2,817)	(3,341)	(40,652)

Kaga Electronics Co., Ltd. and Subsidiaries

Consolidated Statements of Shareholders' equity Years Ended March 31, 2011 and 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2011</u>	<u>2012</u>	<u>2012</u>
SUBSCRIPTION RIGHTS TO SHARES			
Subscription rights to shares - beginning balance	—	0	1
Changes of items during the period			
Net changes of items other than shareholders' equity	<u>0</u>	<u>—</u>	<u>—</u>
Total changes of items during the period	<u>0</u>	<u>—</u>	<u>—</u>
Subscription rights to shares - ending balance	<u>0</u>	<u>0</u>	<u>1</u>
MINORITY INTERESTS			
Minority interests - beginning balance	1,711	1,664	20,248
Changes of items during the period			
Net changes of items other than shareholders' equity	<u>(47)</u>	<u>(138)</u>	<u>(1,681)</u>
Total changes of items during the period	<u>(47)</u>	<u>(138)</u>	<u>(1,681)</u>
Minority interests - ending balance	<u>1,664</u>	<u>1,526</u>	<u>18,567</u>
NET ASSETS			
Net assets - beginning balance	48,553	48,512	590,247
Changes of items during the period			
Dividends from surplus	(827)	(827)	(10,073)
Net income	1,768	914	11,125
Purchase of treasury stock	(0)	(0)	(5)
Disposal of treasury stock	0	—	—
Net changes of items other than shareholders' equity	<u>(980)</u>	<u>(661)</u>	<u>(8,050)</u>
Total changes of items during the period	<u>(40)</u>	<u>(575)</u>	<u>(7,004)</u>
Net assets - ending balance	<u>48,512</u>	<u>47,936</u>	<u>583,242</u>

The accompanying notes are integral part of these financial statements.

Kaga Electronics Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended March 31, 2011 and 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2012	2012
NET CASH PROVIDED BY OPERATING ACTIVITIES			
Income before income taxes	¥ 3,223	¥ 2,802	\$ 34,102
Depreciation and amortization	2,242	2,181	26,539
Impairment loss	0	69	843
Amortization of goodwill	192	87	1,060
Increase in provision for retirement benefits	99	24	299
Increase in provision for directors' retirement benefits	72	104	1,269
Increase (decrease) in provision for directors' bonuses	121	(86)	(1,052)
Increase in allowance for doubtful accounts	259	107	1,308
Interest and dividends income	(138)	(127)	(1,546)
Interest expense	115	146	1,784
Gain on sales of property, plant and equipment	(14)	(15)	(191)
Loss on retirement of noncurrent assets	14	42	520
Loss (gain) on sales of investment securities	2	(233)	(2,845)
Loss on valuation of investment securities	383	23	289
Decrease (increase) in notes and accounts receivable-trade	4,910	(2,561)	(31,162)
Increase in inventories	(1,378)	(2,522)	(30,696)
Increase (decrease) in notes and accounts payable-trade	(2,683)	1,235	15,033
Decrease in accounts receivable-other	262	1,734	21,106
Increase (decrease) in accrued expenses	454	(144)	(1,753)
Decrease (increase) in advance payments	88	(123)	(1,507)
Increase in consumption taxes refund receivable	(15)	(257)	(3,132)
Decrease in other current assets	104	65	798
Increase in other current liabilities	69	26	325
Others, net	(220)	(124)	(1,510)
Subtotal	8,164	2,456	29,882
Interest and dividends income received	151	123	1,497
Interest expense paid	(121)	(145)	(1,766)
Income taxes paid	(1,591)	(2,230)	(27,140)
Others, net	(281)	755	9,188
Net cash provided by operating activities	6,321	958	11,661

Kaga Electronics Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended March 31, 2011 and 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2012	2012
NET CASH USED IN INVESTING ACTIVITIES			
Payments into time deposits	(112)	—	—
Purchases of property, plant and equipment	(4,875)	(2,274)	(27,668)
Proceeds from sales of property, plant and equipment	71	39	486
Purchases of intangible assets	(1,013)	(637)	(7,752)
Purchases of investment securities	(646)	(88)	(1,075)
Proceeds from sales of investment securities	281	558	6,798
Purchase of investments in subsidiaries	—	(21)	(262)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(227)	—	0
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	64	—	0
Payments of short-term loans receivable	(143)	(1)	(17)
Collection of short-term loans receivable	125	9	114
Payments of long-term loans receivable	(5)	—	0
Purchases of insurance funds	(107)	(298)	(3,634)
Proceeds from cancellation of insurance funds	35	27	339
Payments for guarantee deposits	(23)	(77)	(947)
Proceeds from collection of guarantee deposits	150	77	939
Other payments	(79)	(76)	(936)
Other proceeds	137	117	1,432
Net cash used in investing activities	(6,369)	(2,645)	(32,184)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Increase (decrease) in short-term loans payable	(1,154)	2,607	31,722
Proceeds from long-term loans payable	4,011	1	13
Repayment of long-term loans payable	(1,463)	(1,828)	(22,246)
Purchase of treasury stock	(0)	(0)	(5)
Cash dividends paid	(831)	(828)	(10,084)
Cash dividends paid to minority shareholders	(34)	(103)	(1,260)
Others, net	(49)	(89)	(1,088)
Net cash provided by (used in) financing activities	478	(242)	(2,948)
Effect of exchange rate change on cash and cash equivalents	(431)	(171)	(2,089)
Net decrease in cash and cash equivalents	(1)	(2,100)	(25,561)
Cash and cash equivalents-beginning balance	11,797	11,796	143,525
Cash and cash equivalents-ending balance ※1	11,796	9,695	117,964

The accompanying notes are integral part of these financial statements.

Kaga Electronics Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements Years Ended March 31, 2011 and 2012

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Kaga Electronics Co., Ltd. (the "Company") is incorporated and operates. Amounts less than ¥1 million have been omitted. As a result, the total shown in the consolidated financial statements and notes thereto do not necessarily agree with the sum of the individual account balances. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥82.19 to \$1, the rate of exchange at March 31, 2012. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Consolidation*—The consolidated financial statements include the accounts of the Company and all of its subsidiaries (49 in 2012 and 50 in 2011) (together, the "Group").

Under the control and influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

The Group doesn't have any unconsolidated subsidiary or affiliated company to which the equity method is applied. Two affiliated companies to which the equity method is not applied are immaterial to the Company's consolidated net income and retained earnings, individually and in the aggregate.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over a period of five years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

The fiscal year-end of some of the Company's consolidated subsidiaries (14 in 2012) is December 31. The consolidated financial statements incorporate the accounts of these companies with adjustments for significant transactions arising during the period from January 1 to March 31.

- b. Cash Equivalents*—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and short-term investments, all of which mature or become due within three months of the date of acquisition.
- c. Inventories*—The Company and domestic subsidiaries state specific merchandise inventories ordered by customers should be at the lower of cost, determined by the specific identification method, or market and that other merchandise inventories should be at the lower of cost, determined principally by the moving-average method, or market.
- The overseas subsidiaries state inventories at the lower of cost, determined principally by the first-in, first-out method, or market.

- d. **Marketable and Investment Securities**—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in earnings, and (2) available-for-sale securities, which are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost as determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

- e. **Property, Plant and Equipment**—Property, plant and equipment are stated at cost. Significant replacements and additions are capitalized; maintenance and repairs, and minor replacements and improvements are charged to income as incurred.

Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed substantially by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 1998, lease assets of the Company and its consolidated domestic subsidiaries, and all property, plant and equipment of foreign subsidiaries.

Buildings and structures	4 to 50 years
Machinery, equipment and vehicles	8 to 12 years
Molding dies and furniture	2 to 20 years

- f. **Long-Lived Assets**—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

- g. **Goodwill**—Purchased goodwill is amortized on a straight-line method over the estimated period of benefit with the exception of minor amounts, which are charged or credited to income directly in the year of acquisition.

- h. **Software**—Software is recorded in other assets and is amortized over five years.

- i. **Retirement and Pension Plans**—The Company mainly adopts defined benefit pension plans. The Company and certain consolidated subsidiaries also have defined contribution pension plans. While other consolidated subsidiaries have unfunded retirement benefit plans.

Retirement allowances for directors and corporate auditors are recorded to state the liability at the amount that would be required if all directors and corporate auditors retired at each balance sheet date.

- j. **Leases**—The Company applies the lease accounting standard, which requires all finance lease transactions be capitalized in the balance sheet. However, the Company accounts for the leases which existed before March 31, 2008 and do not transfer ownership of the leased property to the lessee as operating lease transactions. This treatment is also permitted by the lease accounting standard.

- k. **Allowance for doubtful accounts**—The company and its consolidated subsidiaries provide for doubtful accounts principally at an amount based on the historical bad debt ratio during a certain reference period plus an estimated uncollectible amount based on the analysis of certain individual accounts.

- l. **Provision for directors' bonuses**—Bonuses to directors and corporate auditors are accrued during the year in which such bonuses are attributable.

- m. **Provision for directors' retirement benefits**—The Company accrues liabilities related to retirement benefits for directors and corporate auditors, which is, in general, based upon the amounts required by the internal regulations.

- n. Foreign Currency Transactions**—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.
- o. Foreign Currency Financial Statements**—The balance sheet accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date of the subsidiaries except for equity, which is translated at the historical rate. Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of equity.

Revenue and expense accounts of foreign subsidiaries are translated into yen at the average exchange rate.

- p. Derivatives and Hedging Activities**—The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts are utilized by the Group to reduce foreign currency exchange risk. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the income statement and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Foreign currency forward contracts are utilized to hedge foreign exchange exposure of export sales and procurement of inventories from overseas suppliers. Trade receivables and payables denominated in foreign currencies are translated at the forward contract rates if the forward contracts qualify for hedge accounting. Forward contracts that hedge forecasted transactions are measured and recorded at fair value but unrealized gains/losses are deferred until the underlying transactions are completed.

- q. Accounting for consumption tax**—Consumption tax on goods and services is not included in the revenue and expense amounts.
- r. Accounting Changes and Error Corrections**—In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following a revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentations—When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior Period Errors—When an error in prior period financial statements is discovered, those statements are restated. This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

3. RESTATEMENTS OF THE PAST CONSOLIDATED FINANCIAL STATEMENTS

We have distinguished that a sales manager of our consolidated subsidiary has offered discounts to clients without prior approval of the Company and also neglected and improperly disposed of merchandise for the past several years. These facts were not reflected in the prior consolidated financial statements and proper accounting treatment was not applied. Therefore, the restatements of consolidated financial statements for the year ended March 31, 2012 have been made to reflect the facts above. As a result of the restatements, compared to those before the restatements, in the balance sheet as of March 31, 2011, notes and accounts receivable-trade decreased by 147 million yen and retained earnings decreased by 86 million yen. In the consolidated statement of income and comprehensive income for the year ended March 31, 2011, net sales, operating income, ordinary income and income before income taxes decreased by 140 million yen, and also income before minority interests and net income decreased by 86 million yen. In the consolidated statement of cash flows for the year ended March 31, 2011, income before income taxes decreased by 140 million yen and increase(decrease) in notes and accounts receivables-trade increased by 147 million yen, although there was no change in net cash provided by(used in) operating activities. Net assets per share and net income per share for the year ended March 31, 2011 decreased by 3.13 yen.

4. NOTES TO CONSOLIDATED BALANCE SHEETS

※1. *Investment securities*

Investment securities include the following accounts of affiliated companies.

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Capital stock	¥ 53	¥ 0	\$ 0
Bonds	0	0	0

※2. *Assets pledged as collateral*

At March 31, 2012, time deposits of ¥14 million (\$170 thousand), investment securities of ¥2 million (\$32 thousand) were deposited with vendors as collateral for trade payables of ¥7 million (\$89 thousand) and land of ¥2,803 million (\$34,105 thousand) was pledged as collateral for long-term debt of ¥2,465 million (\$29,991 thousand).

At March 31, 2011, time deposits of ¥16 million, investment securities of ¥2 million were deposited with vendors as collateral for trade payables of ¥27 million and land of ¥2,803 million was pledged as collateral for long-term debt of ¥2,893 million.

※3. *Contingent liabilities*

Contingent liabilities at March 31, 2012 for guaranteed employees' loans amounted to ¥74 million (\$907 thousand).

Contingent liabilities at March 31, 2011 for guaranteed employees' loans amounted to ¥78 million and for bank loans guaranteed of ELATEC VERTRIEBS GMBH, which was an affiliate, amounted to ¥29 million.

※4. *Notes receivable and payable*

The Company and its domestic consolidated subsidiaries record actual cash settlement of the notes on the date of clearance. Since the closing date on March 31, 2012 was not a business day for financial institutions, the following notes due on closing date are included in the year-end balances.

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Notes receivable - trade	¥ —	¥ 668	\$ 8,132
Notes payable - trade	—	147	1,798

※5. *Commitment line contract*

The Company is under a commitment line contract to the four banks for effective fund-raising:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Total limit of contract	¥ 10,000	¥ 10,000	\$121,669
Loan balances	3,500	6,700	81,518
Available amounts	¥ 6,500	¥ 3,300	\$203,188

5. **NOTES TO CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

※1. *Selling, general and administrative expenses*

Major items and the amounts under “Selling, general and administrative expenses” are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Salaries and bonuses	¥ 10,713	¥ 10,559	\$ 128,471
Retirement benefit expenses	654	655	7,976
Provision for directors' retirement benefits	100	105	1,284
Provision for directors' bonuses	139	51	630
Freightage and packing expenses	2,340	2,450	29,812
Office cost	1,588	1,575	19,163
Rent expenses	2,102	2,025	24,644
Provision of allowance for doubtful accounts	338	73	894
Research and development expenses	659	576	7,018

※2. *Research and development costs*

Research and development costs charged to income were ¥967 million (\$11,766 thousand) and ¥1,172 million for the years ended March 31, 2012 and 2011, respectively.

※3. *Gain on sales of noncurrent assets*

Details of gain on sales of noncurrent assets are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Buildings and structures	¥ 0	¥ —	\$ —
Machinery, equipment and vehicles	20	8	103
Tools, furniture and fixtures	1	8	102
Total	¥ 21	¥ 17	\$ 206

※4. *Loss on retirement of noncurrent assets*

Details of loss on retirement of noncurrent assets are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Buildings and structures	¥ 9	¥ 31	\$ 382
Machinery, equipment and vehicles	—	0	7
Tools, furniture and fixtures	5	10	128
Software	—	0	2
Total	¥ 14	¥ 42	\$ 520

※5. *Insurance income and Loss on disaster*

Due to the floods in Thailand, the Group incurred losses of ¥1,044 million (\$12,705 thousand) related to certain inventories, property, plant and equipment. The group recorded as insurance income ¥1,295 million (\$15,756 thousand) for the reimbursement received related to these losses.

※6. *Amount of recycling and income tax effect associated with other comprehensive income*

Current fiscal year(From April1, 2011 to March 31,2012)

	Millions of Yen	Thousands of U.S. dollars
	<u>2012</u>	<u>2012</u>
Net unrealized gain or loss on securities		
Amount arising during the current fiscal year	¥ 64	\$ 786
Amount of recycling	(235)	(2,865)
Net gain before income tax effect	(170)	(2,079)
Income tax effect	(238)	(2,896)
Net unrealized gain or loss on securities, net of tax	(408)	(4,975)
Deferred gains or losses on hedges		
Amount arising during the current fiscal year	(32)	(391)
Amount of recycling	(1)	(13)
Net gain before income tax effect	(33)	(404)
Income tax effect	7	96
Deferred gains or losses on hedges	(25)	(308)
Foreign currency translation adjustment		
Amount arising during the current fiscal year	(162)	(1,978)
Amount of recycling	71	865
Net gain before income tax effect	(91)	(1,113)
Foreign currency translation adjustment	(91)	(1,113)
Total other comprehensive income	¥ (525)	\$ (6,397)

6. NOTES TO CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the year ended March 31, 2011

1.Type and number of issued shares of common stock and treasury stock

	Number of shares as of March 31, 2010	Increase in the number of shares	Decrease in the number of shares	Number of shares as of March 31, 2011
Number of outstanding shares				
Common stock	28,702,118	—	—	28,702,118
Number of treasury Stocks				
Common stock (Notes1, 2)	1,103,943	827	114	1,104,656

Notes:

1: The breakdown of the increase of common stock is as follows:

Increase as a result of fractional share repurchases: 827 shares

2: The breakdown of the decrease of common stock is as follows:

Decrease as a result of the disposition of fractional shares: 114 shares

2.Dividends

(1) Amount of dividends paid

Resolution	Type of share	Amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting held on June 29, 2010	Common stock	413	15.00	March 31, 2010	June 30, 2010
General shareholders' meeting held on October 29, 2010	Common stock	413	15.00	September 30, 2010	December 3, 2010

(2) Dividends whose effective date is after March 31, 2011 and record date is included in the year ended March, 2011.

Resolution	Type of share	Amount of dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting held on June 29, 2011	Common stock	413	Retained earnings	15.00	March 31, 2011	June 30, 2011

For the year ended March 31, 2012

1.Type and number of issued shares of common stock and treasury stock

	Number of shares as of March 31, 2011	Increase in the number of shares	Decrease in the number of shares	Number of shares as of March 31, 2012
Number of outstanding shares				
Common stock	28,702,118	—	—	28,702,118
Number of treasury Stocks				
Common stock (Note 1)	1,104,656	545	—	1,105,201

Note :

1: The breakdown of the increase of common stock is as follows:

Increase as a result of fractional share repurchases: 545 shares

2.Dividends

(1) Amount of dividends paid

Resolution	Type of share	Amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting held on June 29, 2011	Common stock	413 (US\$5,036 thousand)	15.00 (US\$0.18)	March 31, 2011	June 30, 2011
General shareholders' meeting held on October 28, 2011	Common stock	413 (US\$5,036 thousand)	15.00 (US\$0.18)	September 30, 2011	December 2, 2011

(2) Dividends whose effective date is after March 31, 2012 and record date is included in the year ended March 31, 2012.

Resolution	Type of share	Amount of dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting held on June 28, 2012	Common stock	413 (US\$5,036 thousand)	Retained earnings	15 (US\$0.18)	March 31, 2012	June 29, 2012

7. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

※1. Cash and cash equivalents at March 31, 2012 and 2011 are reconciled to the accounts reported in the consolidated balance sheets as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Cash and cash equivalents	¥ 11,796	¥ 9,695	\$ 117,964
Time deposits with a deposit period of 3 months or more	130	80	973
Cash and deposits	¥ 11,926	¥ 9,775	\$ 118,937

8. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2012 and 2011 consisted of the following:

(1) Current-Marketable equity securities

	Millions of Yen		Thousands of U.S. Dollars
	March 31, 2011	March 31, 2012	March 31, 2012
Unrealized gains included in net income for the fiscal year	¥ 1	¥ 3	\$ 44

(2) Investment securities with a readily determinable fair value

March 31, 2011

	Millions of Yen		
	Carrying amount	Acquisition cost	Difference
Securities for which the carrying amount exceeds the acquisition costs			
Non-current:			
Marketable equity securities	¥ 1,020	¥ 729	¥ 291
Others	150	149	1
Subtotal	¥ 1,171	¥ 878	¥ 292
Securities for which the carrying amount does not exceeds the acquisition costs			
Non-current:			
Marketable equity securities	¥ 1,849	¥ 2,381	¥ (532)
Government and corporate bonds	283	500	(217)
Others	137	151	(14)
Subtotal	¥ 2,270	¥ 3,034	¥ (763)
Total	¥ 3,441	¥ 3,912	¥ (470)

※The amount of Non-marketable equity securities, ¥730 Million, and Investments in associated companies, ¥320 Million, is not included because they don't have readily determinable fair value.

March 31, 2012

		Millions of Yen		
		Carrying amount	Acquisition cost	Difference
Securities for which the carrying amount exceeds the acquisition costs				
Non-current:				
Marketable equity securities		¥ 645	¥ 448	¥ 196
Subtotal		¥ 645	¥ 448	¥ 196
Securities for which the carrying amount does not exceeds the acquisition costs				
Non-current:				
Marketable equity securities		¥ 1,888	¥ 2,500	¥ (611)
Government and corporate bonds		320	500	(179)
Others		288	348	(60)
Subtotal		¥ 2,498	¥ 3,349	¥ (851)
Total		¥ 3,143	¥ 3,798	¥ (654)

		Thousands of U.S. Dollars		
		Carrying amount	Acquisition cost	Difference
Securities for which the carrying amount exceeds the acquisition costs				
Non-current:				
Marketable equity securities		\$ 7,855	\$ 5,459	\$ 2,395
Subtotal		\$ 7,855	\$ 5,459	\$ 2,395
Securities for which the carrying amount does not exceeds the acquisition costs				
Non-current:				
Marketable equity securities		\$ 22,976	\$ 30,418	\$ (7,441)
Government and corporate bonds		3,904	6,090	(2,186)
Others		3,513	4,245	(731)
Subtotal		\$ 30,394	\$ 40,753	\$ (10,359)
Total		\$ 38,249	\$ 46,212	\$ (7,963)

※The amount of Non-marketable equity securities, ¥676 Million (\$8,230 thousand), and Investments in associated companies, ¥212 Million (\$2,586 thousand), is not included because they don't have readily determinable fair value.

(3) Investment securities sold during 2012 and 2011

		Millions of Yen		Thousands of U.S. Dollars
		2011	2012	March 31, 2012
Amounts sold		¥ 93	¥ 431	\$ 5,248
Gains on sales of investment securities		12	255	3,107
Loss on sales of investment securities		15	0	7

(4) The impairment losses of Investment securities are follows:

		Millions of Yen		Thousands of U.S. Dollars
		2011	2012	2012
		¥ 383	¥ 23	\$ 289

9. INVENTORIES

Inventories at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Merchandise	¥ 15,081	¥ 16,306	\$ 198,402
Finished products	640	756	9,209
Work in process	555	334	4,071
Semi-processed products	53	40	495
Raw materials	3,146	4,075	49,591
Supplies	<u>42</u>	<u>39</u>	<u>478</u>
Total	<u>¥ 19,519</u>	<u>¥ 21,554</u>	<u>\$ 262,248</u>

10. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2012 and 2011. As a result, the Group recognized an impairment loss of ¥69 million (\$844 thousand) for certain molding dies and furniture for the year ended March 31, 2012. And the Group recognized an impairment loss of ¥0 million for certain buildings and structures, molding dies and furniture, goodwill for the year ended March 31, 2011. The carrying amount of the relevant buildings and structures, molding dies and furniture, goodwill was written down to its recoverable amount. The recoverable amount of the project's group was measured at its net selling price.

11. SHORT-TERM BANK LOANS

The annual average interest rate applicable to bank loans was 0.5% for the years ended March 31, 2012 and 2011.

As is customary in Japan, the Company maintains deposit balances with banks with which it has bank loans. Such deposit balances are not legally or contractually restricted as to withdrawal.

Under certain basic agreements with banks, collateral must be provided if requested by the lending banks and certain banks have the right to offset cash deposited with them against any bank loan or obligation that becomes due, in the event of default and certain other specified events. The Company has never received any such request.

12. LONG-TERM DEBT

Long-term debt at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2011</u>	<u>2012</u>	<u>2012</u>
Current portion of long term loans from the banks and other financial institutions partially collateralized	¥ 1,828	¥ 1,804	\$ 21,955
Obligations under finance leases	35	75	919
Current portion of long-term bond	28	28	350
Loans from the banks and other financial institutions partially collateralized	4,636	2,833	34,475
Long term obligations under finance leases	244	326	3,969
Long-term bond	84	56	681
Less current portion	<u>(1,892)</u>	<u>(1,907)</u>	<u>(23,224)</u>
Total long-term debt, less current portion	<u>¥ 4,965</u>	<u>¥ 3,215</u>	<u>\$ 39,125</u>

Annual maturities of long-term debt, excluding obligations under finance leases at March 31, 2012, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2013	¥ 1,833	\$ 22,305
2014	1,241	15,101
2015	463	5,642
2016	430	5,242
2017	428	5,216
Thereafter	<u>325</u>	<u>3,954</u>
Total	<u>¥ 4,722</u>	<u>\$ 57,462</u>

13. RETIREMENT AND PENSION PLANS

Under the pension plan, employees terminating their employment are, in most circumstances, entitled to pension payments based on their average pay during their employment, length of service and certain other factors.

The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

The liability for employees' retirement benefits at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2011</u>	<u>2012</u>	<u>2012</u>
Projected benefit obligation	¥ 4,000	¥ 4,348	\$ 52,912
Fair value of plan assets	(1,893)	(2,202)	(26,794)
Unrecognized actuarial loss	(112)	(194)	(2,362)
Unrecognized prior service cost	<u>(438)</u>	<u>(373)</u>	<u>(4,542)</u>
Net liability	<u>¥ 1,556</u>	<u>¥ 1,579</u>	<u>\$ 19,213</u>

The components of net periodic benefit costs for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2011</u>	<u>2012</u>	<u>2012</u>
Service cost	¥ 561	¥ 637	\$ 7,753
Interest cost	53	58	709
Expected return on plan assets	(29)	(35)	(433)
Recognized actuarial loss	35	22	269
Amortization of prior service cost	83	64	790
Redundancy pay	-	1	20
Net periodic benefit costs	<u>¥ 703</u>	<u>¥ 748</u>	<u>\$ 9,109</u>

Assumptions used for the years ended March 31, 2012 and 2011 are set forth as follows:

	<u>2011</u>	<u>2012</u>
Discount rate	2.08%	1.80%
Expected rate of return on plan assets	2.0%	2.0%
Recognition period of actuarial gain/loss	10 years	10 years
Amortization period of prior service cost	10 years	10 years

14. INCOME TAXES

(1) The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2011</u>	<u>2012</u>	<u>2012</u>
Deferred tax assets:			
Loss from revaluation of investment securities	¥ 239	¥ 212	\$ 2,585
Retirement benefits for directors and corporate auditors	527	503	6,954
Allowance for doubtful accounts	573	463	5,641
Accrued bonuses	412	302	3,681
Retirement benefit for employees	624	571	6,124
Operating losses of subsidiaries	450	580	7,059
Tax loss carryforwards	3,556	3,412	41,525
Unrealized loss on available-for-sale securities	147	20	246
Devaluation of inventories	151	92	1,120
Impairment loss	242	187	2,281
Excess depreciation	317	458	5,581
Others	964	832	10,124
Sub-total	<u>8,208</u>	<u>7,637</u>	<u>92,926</u>
Less valuation allowance	<u>(5,666)</u>	<u>(5,449)</u>	<u>(66,302)</u>
Deferred tax assets—total	<u>2,541</u>	<u>2,188</u>	<u>26,624</u>
Deferred tax liabilities:			
Undistributed earnings of overseas subsidiaries	(576)	(626)	(7,622)
Unrealized gain on property and equipment	(201)	(176)	(2,148)
Unrealized gain on available-for-sale securities	(8)	(77)	(941)
Advanced depreciation on fixed assets	(325)	(270)	(3,287)
Others	(132)	(66)	(808)
Deferred tax liabilities—total	<u>(1,244)</u>	<u>(1,217)</u>	<u>(14,809)</u>
Net deferred tax assets	<u>¥ 1,297</u>	<u>¥ 971</u>	<u>\$ 11,815</u>

(2) A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of operations for the years ended March 31, 2012 and 2011 is as follows:

	<u>2011</u>	<u>2012</u>
Normal effective statutory tax rate	41%	41%
Expenses not deductible for income tax purposes	4	5
Tax benefits not recognized on operating losses of subsidiaries	(1)	17
Difference in tax rates of foreign subsidiaries	(3)	(4)
Dividends from overseas subsidiaries and deferred income taxes on retained profits of overseas subsidiaries	3	3
Effect of amortization of goodwill	2	1
Decrease in deferred tax assets due to change in tax rates	—	4
Others, net	<u>(0)</u>	<u>2</u>
Actual effective tax rate	<u>45%</u>	<u>67%</u>

(3) At March 31, 2012, the Company and certain subsidiaries have tax loss carryforwards aggregating approximately ¥9,393 million (\$114,284 thousand) which are available to be offset against future taxable income of the Company and such subsidiaries in future years. These loss carryforwards, if not utilized, will expire as follows:

<u>Year Ending March 31</u>	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars</u>
2013	¥ 1	\$ 17
2014	1,154	14,034
2015	2,599	31,626
2016	7	87
2017	402	4,896
2018 and thereafter	<u>5,229</u>	<u>63,622</u>
Total	<u>¥ 9,393</u>	<u>\$ 114,284</u>

(4) Re-evaluation of deferred tax assets and liabilities due to the reduction of corporate tax

Following promulgation on December 2, 2011 of the "Act for Partial Revision of the Income Tax Act etc. or the Purpose of Creating taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake" (Act No. 117 of 2017), the effective statutory tax rate used in calculation of deferred tax assets and deferred tax liability in the current consolidated fiscal year (only for settled after April 1, 2012) is changed from 40.6% in the previous consolidated fiscal year to 38.0% (expected to be settled or recovered from April 1, 2012 to March 31, 2015) and to 35.6% (expected to be settled or recovered after April 1, 2015). As a result, the net amount of deferred tax assets and liabilities decreased by ¥ 66 million. Also, income taxes-deferred in the current consolidated fiscal year increased by ¥ 76 million, valuation difference on available-for-sale securities decreased by ¥ 10 million, and deferred gains or losses on hedges increased ¥ 0 million.

15. LEASES

Capital leases that do not transfer ownership of the leased assets to lessees.

• Leased assets:

The Group leases buildings, machinery, equipment and vehicles and other assets.

As discussed in Note 2.j, the lease accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. However, the accounting standard permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008 to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied the accounting standard effective from April 1, 2008 and accounted for such leases as operating lease transactions.

Pro forma information of leased property whose lease inception was before March 31, 2008 was as follows:

	Millions of Yen					
	2011			2012		
	Machinery, Equipment and Vehicles	Molding Dies , Furniture And others	Total	Machinery, Equipment and Vehicles	Molding Dies and Furniture	Total
Acquisition cost	¥ 92	¥ 311	¥ 404	¥ 92	¥ 172	¥ 265
Accumulated depreciation	(50)	(232)	(283)	(60)	(146)	(206)
Accumulated impairment loss	—	(24)	(24)	—	(12)	(12)
Net leased property	<u>¥ 41</u>	<u>¥ 54</u>	<u>¥ 96</u>	<u>¥ 32</u>	<u>¥ 13</u>	<u>¥ 45</u>

	Thousands of U.S. Dollars		
	2012		
	Machinery, Equipment and Vehicles	Molding Dies and Furniture	Total
Acquisition cost	\$ 1,127	\$ 2,097	\$ 3,224
Accumulated depreciation	(733)	(1,781)	(2,514)
Accumulated impairment loss	—	(150)	(150)
Net leased property	<u>\$ 394</u>	<u>\$ 164</u>	<u>\$ 559</u>

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Due within one year	¥ 56	¥ 27	\$ 338
Due after one year	65	36	449
Total	<u>¥ 121</u>	<u>¥ 64</u>	<u>\$ 788</u>

Allowance for impairment loss on leased property of ¥12 million (\$150 thousand) as of March 31, 2012 and ¥24 million as of March 31, 2011 is not included in the obligations under finance leases.

Depreciation expense, interest expense and other information under finance leases:

	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2011</u>	<u>2012</u>	<u>2012</u>
Depreciation expense	¥ 75	¥ 53	\$ 645
Interest expense	<u>5</u>	<u>3</u>	<u>38</u>
Total	<u>¥ 80</u>	<u>¥ 56</u>	<u>\$ 684</u>
Lease payments	¥ 83	¥ 58	\$ 715
Reversal of allowance for impairment loss on leased property	32	12	147

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of operations, are computed by the straight-line method with lease term regarded as useful lives and residual value at zero and the interest method, respectively.

The imputed interest expense portion, which is computed using the interest method, is excluded from the above obligations under finance leases.

The minimum rental commitments under noncancelable operating leases at March 31, 2012 and 2011 were as follows:

	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2011</u>	<u>2012</u>	<u>2012</u>
Due within one year	¥ 1,008	¥ 1,007	\$ 12,260
Due after one year	<u>1,992</u>	<u>1,256</u>	<u>15,285</u>
Total	<u>¥ 3,001</u>	<u>¥ 2,264</u>	<u>\$ 27,546</u>

16. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) *Group Policy for Financial Instruments*

The Group has financial instruments, mainly debt from financial institutions, consistent with its capital financing plan. Cash surpluses, if any, are invested in low risk financial assets. Derivatives are not used for speculative purposes, but rather to manage exposure to foreign exchange risks.

(2) *Nature and Extent of Risks Arising from Financial Instruments*

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Marketable and investment securities, mainly held-to-maturity securities and equity instruments of customers and suppliers of the Company, are exposed to the risk of market price fluctuations.

(3) Risk Management for Financial Instruments

Credit risk management

The Company manages its credit risk from receivables on the basis of internal guidelines, which include monitoring the payment terms and balances of major customers by each business administration department to identify the default risk of customers in an early stage.

Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by forward foreign currency contracts.

Marketable and investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used. Please see Note 17 for the detail of fair value for derivatives.

Cash and cash equivalents, receivables and payables, short-term bank loans, accrued expenses, income taxes payables

The carrying value of cash and cash equivalents approximates fair value because of their short maturities.

Guarantee deposits

The fair value of guaranteed deposits is calculated by the contract amount supplier presented or calculated from past experience and discounted by a risk free rate.

Marketable and investment securities

The fair values of marketable and investment securities are measured at the quoted market price for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information of the fair value for the marketable and investment securities by classification is included in Note 8.

Long-term loans payables

The fair value of long-term loans payable is determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

Derivatives

The information of the fair value for derivatives is included in Note 17.

(a) Fair Value of Financial Instruments

<u>March 31, 2011</u>	Millions of Yen		
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Cash and deposits	¥ 11,926	¥ 11,926	—
Notes and accounts receivables-trade	54,025	54,025	—
Short-term investment securities	71	71	—
Investment securities	3,441	3,441	—
Guarantee deposits	<u>1,165</u>	<u>907</u>	<u>¥ (257)</u>
Total	<u>¥ 70,630</u>	<u>¥ 70,373</u>	<u>¥ (257)</u>
Notes and accounts payables-trade	¥ 40,790	¥ 40,790	—
Short-term loans payable	8,505	8,505	—
Accrued expenses	2,547	2,547	—
Income taxes payable	1,511	1,511	—
Long-term loans payable	<u>4,636</u>	<u>4,647</u>	<u>¥ (11)</u>
Total	<u>¥ 57,991</u>	<u>¥ 58,002</u>	<u>¥ (11)</u>
Derivatives	<u>¥ (17)</u>	<u>¥ (17)</u>	<u>—</u>

<u>March 31, 2012</u>	Millions of Yen		
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Cash and deposits	¥ 9,775	¥ 9,775	—
Notes and accounts receivables-trade	55,979	55,979	—
Short-term investment securities	74	74	—
Investment securities	3,143	3,143	—
Guarantee deposits	<u>1,169</u>	<u>929</u>	<u>¥ (239)</u>
Total	<u>¥ 70,143</u>	<u>¥ 69,903</u>	<u>¥ (239)</u>
Notes and accounts payables-trade	¥ 41,748	¥ 41,748	—
Short-term loans payable	11,084	11,084	—
Accrued expenses	2,443	2,443	—
Income taxes payable	1,082	1,082	—
Long-term loans payable	<u>2,833</u>	<u>2,839</u>	<u>¥ (6)</u>
Total	<u>¥ 59,193</u>	<u>¥ 59,199</u>	<u>¥ (6)</u>
Derivatives	<u>¥ (51)</u>	<u>¥ (51)</u>	<u>—</u>

	Thousands of U.S. Dollars		
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Cash and deposits	\$ 118,937	\$ 118,937	—
Notes and accounts receivables-trade	681,104	681,104	—
Short-term investment securities	910	910	—
Investment securities	38,249	38,249	—
Guarantee deposits	<u>14,229</u>	<u>11,313</u>	<u>\$ (2,916)</u>
Total	<u>\$ 853,431</u>	<u>\$ 850,515</u>	<u>\$ (2,916)</u>

	<u> </u>	<u> </u>	<u> </u>
Notes and accounts payables-trade	\$ 507,952	\$ 507,952	—
Short-term loans payable	134,868	134,868	—
Accrued expenses	29,734	29,734	—
Income taxes payable	13,172	13,172	—
Long-term loans payable	34,475	34,548	\$ (73)
Total	<u>\$ 720,203</u>	<u>\$ 720,276</u>	<u>\$ (73)</u>
Derivatives	<u>\$ (631)</u>	<u>\$ (631)</u>	<u>—</u>

(b) Financial Instruments Whose Fair Value Cannot Be Reliably Determined

<u>March 31, 2012</u>	<u>Carrying Amount</u>	
	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars</u>
Investments in equity instruments that do not have a quoted market price in an active market	¥ 889	\$ 10,817
Guarantee deposits that do not have a quoted market price in an active market	898	10,931

(5) Redemption Schedule Of Monetary Assets And Securities With Contractual Maturities

March 31, 2011

		Millions of Yen			
		Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	¥	11,926	¥ —	¥ —	—
Notes and accounts receivable-trade		54,025	—	—	—
Investment securities with maturities		0	179	49	283
Guarantee deposits		11	909	4	239

March 31, 2012

		Millions of Yen			
		Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	¥	9,775	¥ —	¥ —	—
Notes and accounts receivable-trade		55,979	—	—	—
Investment securities with maturities		—	163	43	320
Guarantee deposits		9	909	11	239

		Thousands of U.S. Dollars			
		Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	\$	118,937	\$ —	\$ —	—
Notes and accounts receivable-trade		681,105	—	—	—
Investment securities with maturities		—	1,994	524	3,904
Guarantee deposits		112	11,065	135	2,919

17. DERIVATIVES

The Group enters into foreign exchange forward contracts to hedge foreign exchange risk associated with assets and liabilities denominated in foreign currencies.

It is the Group's policy to use derivatives for the purpose of reducing market risks associated with assets and liabilities. The Group does not enter into derivative contracts for trading or speculative purposes.

Derivatives are subject to market and credit risk. The Group, however, does not anticipate any credit risk, because the counterparties to those derivatives are limited to major financial institutions.

Each business department executes foreign exchange forward contracts, which are limited to the normal course of business. The administrative department controls the position of derivative transactions. The manager of the accounting department periodically provides detailed reports of derivative transactions to management.

Derivative Transactions to Which Hedge Accounting Is Applied

(1) Currency related transactions

		Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
<u>March 31, 2011</u>	<u>Hedged Item</u>	<u>Contract Amount</u>	<u>Contract Amount Due after One Year</u>	<u>Fair Value</u>
Foreign currency forward contracts:				
Selling US\$	Receivables	¥ 2,251	—	¥ 2,278
Buying US\$	Payables	1,927	—	1,941
Buying Euro	Payables	3	—	3
Buying THB	Payables	812	—	808

		Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
<u>March 31, 2012</u>	<u>Hedged Item</u>	<u>Contract Amount</u>	<u>Contract Amount Due after One Year</u>	<u>Fair Value</u>
Foreign currency forward contracts:				
Selling US\$	Receivables	¥ 1,440	—	¥ 1,445
Selling Euro	Receivables	73	—	73
Buying US\$	Payables	297	—	299
Buying Euro	Payables	0	—	0

		Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value
	<u>Hedged Item</u>	<u>Contract Amount</u>	<u>Contract Amount Due after One Year</u>	<u>Fair Value</u>
Foreign currency forward contracts:				
Selling US\$	Receivables	\$ 17,526	—	\$ 17,706
Selling Euro	Receivables	896	—	899
Buying US\$	Payables	3,615	—	3,648
Buying Euro	Payables	9	—	9

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

(2) Interest related transactions:

For the year ended March 31, 2011

Hedge Accounting Method	Type of Transaction	Hedged Item	Millions of Yen		
			Contract Amount	Contract Amount Due after One Year	Fair Value
Special treatment for interest swaps	Interest rate and currency swaps U.S. dollars Receipt, yen Payment Floating Receipt, Fixed Payment	Long-term loans payable	¥ 916	¥ 583	(Note)

For the year ended March 31, 2012

Hedge Accounting Method	Type of Transaction	Hedged Item	Millions of Yen		
			Contract Amount	Contract Amount Due after One Year	Fair Value
Special treatment for interest swaps	Interest rate and currency swaps U.S. dollars Receipt, yen Payment Floating Receipt, Fixed Payment	Long-term loans payable	¥ 583	¥ 250	(Note)

Hedge Accounting Method	Type of Transaction	Hedged Item	Thousands of U.S. dollars		
			Contract Amount	Contract Amount Due after One Year	Fair Value
Special treatment for interest swaps	Interest rate and currency swaps U.S. dollars Receipt, yen Payment Floating Receipt, Fixed Payment	Long-term loans payable	\$ 7,099	\$ 3,045	(Note)

Note: The above interest rate and currency swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense. In addition, the fair value of such interest rate and currency swap is included in that of hedged items.

18. RELATED PARTY TRANSACTIONS

For the year ended March 31, 2011

Not applicable

For the year ended March 31, 2012

Not applicable

19. SEGMENT INFORMATION

For the years ended March 31, 2012 and 2011

(1) Description of reportable segments

The Group's reportable segments are those for which separately financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Group has four reporting segments that are made up of different categories of products and services: electronic components, information equipment, software and other. The electronic components segment includes the development, manufacture and sale of semiconductors, general electronic components and other products, the electronics manufacturing service (EMS), and other activities. The information equipment segment includes sales of PCs, PC peripherals, photograph and imaging products, original brand products, and other products. The software segment includes the production of computer graphics, planning and development of amusement products, and other activities.

(2) Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

(3) Information about sales, profit (loss), assets and other items is as follows:

Millions of Yen							
2011							
	Reportable Segment					Recon- ciliations	Consoli- dated
	Electric Components	Information Equipment	Soft- ware	Other	Total		
Sales:							
Sales to external customers	¥ 171,576	¥ 50,745	¥ 5,687	¥ 9,801	¥ 237,811	—	¥ 237,811
Inter segment sales or transfers	1,342	778	2,418	3,159	7,698	¥ (7,698)	—
Total sales	<u>¥ 172,919</u>	<u>¥ 51,523</u>	<u>¥ 8,105</u>	<u>¥ 12,961</u>	<u>¥ 245,509</u>	<u>¥ (7,698)</u>	<u>¥ 237,811</u>
Segment profit (loss)	¥ 2,901	¥ (67)	¥ 487	¥ 230	¥ 3,551	¥ (128)	¥ 3,423
Segment assets	97,210	15,668	6,043	5,390	124,312	(9,713)	114,599
Others:							
Depreciation	970	142	407	43	1,563	(8)	1,554
Increase in-property, plant and equipment and intangible assets	4,336	192	636	724	5,889	—	5,889

Millions of Yen							
2012							
	Reportable Segment					Recon- ciliations	Consoli- dated
	Electric Components	Information Equipment	Soft- ware	Other	Total		
Sales:							
Sales to external customers	¥ 166,468	¥ 49,360	¥ 3,854	¥ 10,173	¥ 229,856	—	¥ 229,856
Inter segment sales or transfers	1,625	798	3,453	2,551	8,429	¥ (8,429)	—
Total sales	¥ 168,094	¥ 50,159	¥ 7,308	¥ 12,724	¥ 238,286	¥ (8,429)	¥ 229,856
Segment profit (loss)	¥ 2,021	¥ (533)	¥ 402	¥ 319	¥ 2,210	¥ (142)	¥ 2,067
Segment assets	104,294	14,411	4,569	6,751	130,025	(15,311)	114,714
Others:							
Depreciation	924	133	361	121	1,541	(5)	1,536
Increase in-property, plant and equipment and intangible assets	1,306	86	388	1,155	2,937	(26)	2,911

Thousands of U.S. Dollars							
2012							
	Reportable Segment					Recon- ciliations	Consoli- dated
	Electric Components	Information Equipment	Soft- ware	Other	Total		
Sales:							
Sales to external customers	\$ 2,025,416	\$ 600,565	\$ 46,893	\$ 123,774	\$ 2,796,649	—	\$ 2,796,649
Inter segment sales or transfers	19,778	9,719	42,022	31,042	102,562	\$ (102,562)	—
Total sales	\$ 2,045,194	\$ 610,284	\$ 88,916	\$ 154,816	\$ 2,899,212	\$ (100,562)	\$ 2,796,649
Segment profit (loss)	\$ 24,601	\$ (6,464)	\$ 4,895	\$ 3,887	\$ 26,889	\$ (1,735)	\$ 25,154
Segment assets	1,268,939	175,341	55,595	82,139	1,582,015	(186,292)	1,395,722
Others:							
Depreciation	11,242	1,627	4,403	1,480	18,755	(63)	18,691
Increase in-property, plant and equipment and intangible assets	15,898	1,056	4,726	14,063	35,745	(324)	35,421

Note: The adjustment for segment operating income is as follows:

(1) Segment income

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Elimination of inter-segment trade	¥ 13	¥ (62)	\$ (765)
Amortization of goodwill	(141)	(79)	(970)
Total	¥ (128)	¥ (142)	\$ (1,735)

(2) Segment assets

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Elimination of inter-segment trade	¥ (12,120)	¥ (17,995)	\$ (218,955)
Reconciliations	<u>2,407</u>	<u>2,684</u>	<u>32,622</u>
Total	<u>¥ (9,713)</u>	<u>¥ (15,311)</u>	<u>\$ (186,292)</u>

(3) Depreciation and amortization

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Elimination of inter-segment trade	¥ (8)	¥ (5)	\$ (63)
Total	<u>¥ (8)</u>	<u>¥ (5)</u>	<u>\$ (63)</u>

(4) Increase amount of tangible and intangible fixed assets

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Elimination of inter-segment trade	¥ —	¥ (26)	\$ (324)
Total	<u>¥ —</u>	<u>¥ (26)</u>	<u>\$ (324)</u>

Associated Information

For the year ended March 31, 2012

(1) *Information about individual products and services*

This information is not presented because the Group prepares reports in accordance with a management approach based on individual products and services.

(2) *Geographic information*

(a) Sales

Millions of Yen				
2012				
Japan	North America	Europe	East Asia	Total
¥ 164,532	¥ 2,394	¥ 4,241	¥ 58,687	¥ 229,856
Thousands of U.S. Dollars				
2012				
Japan	North America	Europe	East Asia	Total
\$ 2,001,855	\$ 29,135	\$ 51,609	\$ 714,049	\$ 2,796,649

Note: Sales are classified in countries or regions based on the location of customers.

(b) Property, plant and equipment

Millions of Yen				
2012				
<u>Japan</u>	<u>North America</u>	<u>Europe</u>	<u>East Asia</u>	<u>Total</u>
¥ 7,357	¥ 33	¥ 74	¥ 2,021	¥ 9,487

Thousands of U.S. Dollars				
2012				
<u>Japan</u>	<u>North America</u>	<u>Europe</u>	<u>East Asia</u>	<u>Total</u>
\$ 89,520	\$ 409	\$ 903	\$ 24,593	\$ 115,427

Notes: 1. Countries and regions are classified according to geographical proximity.

2. Countries and regions outside Japan are broken down into the following geographical areas:

- (1) North America: United States
- (2) Europe: United Kingdom, Czech Republic, and Russia
- (3) East Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, and Thailand

3. Information about major customers

This information is not presented because no sales to any individual customer were more than 10% of consolidated sales.

Information of impairment loss on fixed assets of reportable segments

For the year ended March 31, 2011

Not applicable

For the year ended March 31, 2012

Not applicable

Information of amortization of goodwill and balance of goodwill of reportable segments

For the year ended March 31, 2011

	Millions of Yen						
	Reportable Segment						
	Electric Components	Information Equipment	Soft- ware	Other	Total	Recon- ciliations	Consoli- dated
Amortization of goodwill for fiscal year	¥64	¥30	¥12	¥14	¥121	¥141	¥262
Balance of goodwill at the end of fiscal year	¥178	¥84	¥7	—	¥270	¥194	¥464

For the year ended March 31, 2012

	Millions of Yen						
	Reportable Segment						
	Electric Components	Information Equipment	Soft- ware	Other	Total	Recon- ciliations	Consoli- dated
Amortization of goodwill for fiscal year	¥60	¥23	¥4	—	¥88	¥79	¥167
Balance of goodwill at the end of fiscal year	¥115	¥54	—	—	¥169	¥83	¥253

	Thousands of U.S. Dollars						
	Reportable Segment						
	Electric Components	Information Equipment	Soft- ware	Other	Total	Recon- ciliations	Consoli- dated
Amortization of goodwill for fiscal year	\$734	\$282	\$58	—	\$1,073	\$970	\$2,044
Balance of goodwill at the end of fiscal year	\$1,409	\$660	—	—	\$2,068	\$1,020	\$3,088

Information of gain on negative goodwill by reportable segments

For the year ended March 31, 2011

Not applicable

For the year ended March 31, 2012

Not applicable

20. PER SHARE INFORMATION

	Yen		U.S. Dollars
	2011	2012	2012
Net Assets per share	¥1,697.55	¥1,681.73	\$20.46
Net income per share	64.07	33.13	0.40

Notes 1. Diluted net income per share is not reported because there is no dilutive effect.

2. The basis for computation of net income per share is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Net income per share			
Net income	¥1,768	¥914	\$11,125
Net income unallocated to common stock	—	—	—
Net income allocated to common stock	1,768	914	\$11,125
Average number of common stock outstanding during the fiscal year (Share)	27,597,906	27,597,270	
Outline of the residual securities which were not included in the calculation of the diluted net income per share because there was no dilutive effect.	Share subscription rights which belongs to a subsidiary (No. of Share subscription rights: 4,060)	Share subscription rights which belongs to a subsidiary (No. of Share subscription rights: 4,060)	

3. The basis for computation of net assets per share is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Net assets per share			
Total net assets	¥48,512	¥47,936	\$583,242
Amount deducted from total net assets	1,664	1,526	18,568
(Share subscription rights)	(0)	(0)	(1)
(Minority interest in consolidated subsidiaries)	(1,664)	(1,526)	(18,567)
Net assets corresponding to common stock at the end of the fiscal year	46,848	46,410	564,673
Number of common stock used for the calculation of net assets per share (Share)	27,597,462	27,596,917	

21. SUBSEQUENT EVENT

Regarding a software development project entrusted to the domestic subsidiary, Kaga Solution Network Co., LTD. ("KAGA SOLNET"), the delivery was delayed, and a contract cancellation was required by TAC Co., Ltd. on May 7, 2008. The entrusted amount of the project was ¥475 million (\$5,779 thousand). Although KAGA SOLNET was sued in the Tokyo District Court on January 29, 2009 and was required to pay for the compensation loss of ¥513 million (\$6,242 thousand), the suit was settled for ¥80 million (\$973 thousand) on January 2013.

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