Consolidated Financial Statements
for the year ended March 31, 2011

SWCC Showa Holdings Co., Ltd.
and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEETS

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries

At March 31, 2010 and 2011

	2010	2011	2011
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 4)*
ASSETS			
Current assets:			
Cash and time deposits *(Notes 5 and 18)*	¥ 9,538	**¥11,025**	**$132,592**
Trade notes and accounts receivable *(Note 18)*	43,922	**47,217**	**567,853**
Inventories *(Note 6)*	19,246	**19,461**	**234,047**
Deferred tax assets *(Note 17)*	1,031	**1,062**	**12,772**
Other	2,760	**2,844**	**34,203**
Allowance for doubtful accounts	(162)	**(341)**	**(4,101)**
Total current assets	76,335	**81,268**	**977,366**
Property, plant and equipment:			
Buildings and structures *(Note 8)*	41,698	**41,817**	**502,910**
Machinery, equipment and tools *(Note 8)*	74,761	**74,174**	**892,051**
Land *(Notes 8, 12 and 15)*	24,727	**24,583**	**295,646**
Other	995	**614**	**7,384**
Accumulated depreciation	(91,809)	**(93,833)**	**(1,128,478)**
Total property, plant and equipment	50,372	**47,355**	**569,513**
Intangible assets			
Goodwill	338	**250**	**3,007**
Other *(Note 8)*	1,499	**1, 936**	**23,283**
Total intangible assets	1,837	**2,186**	**26,290**
Investments and other assets:			
Investment securities *(Notes 7, 8 and 18)*	7,231	**7,170**	**86,230**
Deferred tax assets *(Note 17)*	4	**17**	**204**
Other *(Note 8)*	5,450	**4,798**	**57,703**
Allowance for doubtful accounts	(493)	**(423)**	**(5,087)**
Total investments and other assets	12,192	**11,562**	**139,050**
Total assets	¥140,736	**¥142,371**	**$1,712,219**

See Accompanying Notes to Consolidated Financial Statements.

	2010	2011	2011
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 4)*
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt *(Notes 8 and 18)*	¥ 48,068	**¥50,720**	**$609,982**
Trade notes and accounts payable *(Notes 8 and 18)*	22,613	**23,883**	**287,228**
Accrued income taxes	245	**322**	**3,872**
Reserve for construction loss	-	**20**	**241**
Reserve for disaster loss	-	**97**	**1,167**
Other	10,944	**9,152**	**110,066**
Total current liabilities	81,870	**84,194**	**1,012,556**
Long-term liabilities:			
Long-term debt *(Notes 8 and 18)*	12,925	**13,253**	**159,387**
Accrued retirement benefits for employees *(Note 10)*	796	**709**	**8,526**
Accrued retirement benefits for directors and statutory auditors	96	**90**	**1,082**
Deferred tax liabilities *(Note 17)*	2,043	**1,852**	**22,273**
Deferred tax liabilities related			
to land revaluation *(Notes 12 and 17)*	5,410	**5,410**	**65,063**
Other *(Note 8)*	1,441	**1,345**	**16,176**
Total long-term liabilities	22,711	**22,659**	**272,507**
Total liabilities	104,581	**106,853**	**1,285,063**
Contingent liabilities *(Note 11)*			
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized - 700,000,000 shares			
Issued - 251,126,611 shares	21,222	**21,222**	**255,225**
Capital surplus *(Note 13)*	10,699	**8,035**	**96,632**
Retained earnings (deficit) *(Note 13)*	(2,490)	**442**	**5,316**
Treasury stock *(Note 13)*	(12)	**(13)**	**(156)**
Total shareholders' equity	29,419	**29,686**	**357,017**
Accumulated other comprehensive income:			
Unrealized holding gains on other securities	1,405	**1,243**	**14,949**
Deferred gains (losses) on hedges	(3)	**(0)**	**(0)**
Variance of land revaluation *(Note 12)*	4,338	**4,352**	**52,339**
Foreign currency translation adjustments	(294)	**(693)**	**(8,334)**
Total accumulated other comprehensive income	5,446	**4,902**	**58,954**
Minority interests	1,290	**930**	**11,185**
Total net assets	36,155	**35,518**	**427,156**
Total liabilities and net assets	¥140,736	**¥142,371**	**$1,712,219**

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries

For the years ended March 31, 2010 and 2011

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 4)*
Net sales	¥141,398	**¥165,512**	**$1,990,523**
Cost of sales	122,819	**145,993**	**1,755,779**
Gross profit	18,579	**19,519**	**234,744**
Selling, general and administrative expenses *(Note 14)*	18,645	**16,986**	**204,281**
Operating income (loss)	(66)	**2,533**	**30,463**
Other income (expenses):			
Interest income	5	**8**	**96**
Dividend income	133	**201**	**2,417**
Subsidies for employment adjustments	160	-	-
Interest expense	(1,133)	**(1,121)**	**(13,482)**
Equity in losses of unconsolidated subsidiaries and affiliates	(48)	**(86)**	**(1,034)**
Foreign currency exchange loss	(630)	**(614)**	**(7,384)**
Gain on compensation for moving	-	**175**	**2,105**
Gain on sales of investment securities	3	**15**	**180**
Gain on business transfer	161	-	-
Gain on sales of fixed assets	86	-	-
Effect from adoption of the accounting standard for Construction Contracts	61	-	-
Loss on disaster *(Note 16)*	-	**(495)**	**(5,953)**
Loss on sales of investment shares in an affiliate	-	**(97)**	**(1,167)**
Allowance for doubtful accounts	-	**(87)**	**(1,046)**
Loss on devaluation of investment securities	-	**(1)**	**(12)**
Loss on adoption of accounting standard for assets retirement obligation	-	**(60)**	**(722)**
Provision for surcharge	(450)	-	-
Restructuring expenses	(384)	-	-
Loss on impairment of fixed assets *(Note 15)*	(333)	**(50)**	**(601)**
Loss on sales of investment in subsidiaries and affiliates	(16)	-	-
Other, net	(616)	**(172)**	**(2,068)**
	(3,001)	**(2,384)**	**(28,671)**
Income (loss) before income taxes and minority interests	(3,067)	**149**	**1,792**
Income taxes *(Note 17)*			
Current	444	**311**	**3,740**
Deferred	(266)	**(147)**	**(1,768)**
	178	**164**	**1,972**
Loss before minority interests	(3,245)	**(15)**	**(180)**
Minority interests	709	**297**	**3,571**
Net income (loss)	¥ (2,536)	**¥282**	**$3,391**

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries

For the years ended March 31, 2010 and 2011

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 4)*
Loss before minority interests	(3,245)	**(15)**	**(180)**
Other comprehensive income			
Unrealized holding gains (losses) on other securities	808	**(162)**	**(1,948)**
Deferred gains (losses) on hedges	21	**4**	**48**
Foreign currency translation adjustments	(345)	**(413)**	**(4,967)**
Share of other comprehensive income of affiliates in equity method	28	**(51)**	**(614)**
Total other comprehensive income	512	**(622)**	**(7,481)**
Comprehensive income	(2,733)	**(637)**	**(7,661)**
Comprehensive income attributable to			
Owners of the Company	(1,827)	**(277)**	**(3,331)**
Minority interests	(906)	**(360)**	**(4,330)**

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries

For the years ended March 31, 2010 and 2011

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings (losses)	Treasury stock	Total shareholder's equity	Unrealized holding gains on securities	Deferred gains (losses) on hedges	Variance of land evaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at March 31, 2009	¥21,222	¥15,753	¥(4,813)	¥(11)	¥32,151	¥595	¥(21)	¥4,338	¥(175)	¥4,737	¥1,368	¥38,256
Transfer from capital surplus to retained earnings		(5,054)	5,054									
Net loss for the year			(2,536)		(2,536)							(2,536)
Change due to increase in number of subsidiaries for consolidation			(195)		(195)							(195)
Purchase of treasury stock				(2)	(2)							(2)
Disposal of treasury stock			0	1	1							1
Changes other than shareholder's equity						810	18		(119)	709	(78)	631
Balance at March 31, 2010	¥21,222	¥10,699	¥(2,490)	¥(12)	¥29,419	¥1,405	¥(3)	¥4,338	¥(294)	¥5,446	¥1,290	¥36,155

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings (losses)	Treasury stock	Total shareholder's equity	Unrealized holding gains on securities	Deferred gains (losses) on hedges	Variance of land evaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at March 31, 2010	**¥21,222**	**¥10,699**	**¥(2,490)**	**¥(12)**	**¥29,419**	**¥1,405**	**¥(3)**	**¥4,338**	**¥(294)**	**¥5,446**	**¥1,290**	**¥36,155**
Transfer from capital surplus to retained earnings		**(2,664)**	**2,664**									
Net income for the year			**282**		**282**							**282**
Transfer from variance of land evaluation			**(14)**		**(14)**							**(14)**
Purchase of treasury stock				**(1)**	**(1)**							**(1)**
Disposal of treasury stock		**(0)**		**0**	**0**							**0**
Changes other than shareholder's equity						**(162)**	**3**	**14**	**(399)**	**(544)**	**(360)**	**(904)**
Balance at March 31, 2011	**¥21,222**	**¥8,035**	**¥442**	**¥(13)**	**¥29,686**	**¥1,243**	**¥(0)**	**¥4,352**	**¥(693)**	**¥4,902**	**¥930**	**¥35,518**

(Thousands of U.S. dollars) (Note 4)

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings (losses)	Treasury stock	Total shareholder's equity	Unrealized holding gains on securities	Deferred gains (losses) on hedges	Variance of land evaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at March 31, 2010	**$255,225**	**$128,671**	**$(29,946)**	**$(144)**	**$353,806**	**$16,897**	**$(36)**	**$52,171**	**$(3,535)**	**$65,497**	**$15,514**	**$434,817**
Transfer from capital surplus to retained earnings		**(32,039)**	**32,039**									
Net income for the year			**3,391**		**3,391**							**3,391**
Transfer from variance of land evaluation			**(168)**		**(168)**							**(168)**
Purchase of treasury stock				**(12)**	**(12)**							**(12)**
Disposal of treasury stock		**(0)**		**0**	**0**							**0**
Changes other than shareholder's equity						**(1,948)**	**36**	**168**	**(4,799)**	**(6,543)**	**(4,329)**	**(10,872)**
Balance at March 31, 2011	**$255,225**	**$96,632**	**$5,316**	**$(156)**	**$357,017**	**$14,949**	**$(0)**	**$52,339**	**$(8,334)**	**$58,954**	**$11,185**	**$427,156**

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2010 and 2011

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 4)*
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥(3,067)	**¥149**	**$1,792**
Depreciation and amortization	4,506	**4,216**	**50,703**
Loss on impairment of fixed assets	333	**50**	**601**
Provision for surcharge	450	**-**	**-**
Gain on sales of investment securities	(3)	**(15)**	**(180)**
Loss on sales of investments in subsidiaries and affiliates	16	**-**	**-**
Loss on sales of shares in subsidiaries and affiliates	-	**97**	**1,167**
Gain on business transfer	(161)	**-**	**-**
Gain on sales of property, plant and equipment	(79)	**(16)**	**(192)**
Loss on disposal of property, plant and equipment	165	**25**	**300**
Loss on devaluation in investment securities	-	**1**	**12**
Increase (decrease) in allowance for doubtful accounts	(136)	**110**	**1,323**
Increase in reserve for construction loss	-	**20**	**241**
Decrease in accrued retirement benefits for employees	(132)	**(88)**	**(1,058)**
Interest and dividend income	(138)	**(209)**	**(2,514)**
Interest expenses	1,133	**1,121**	**13,482**
Asset retirement obligations	-	**60**	**722**
Increase in reserve for disaster loss	-	**97**	**1,167**
(Increase) decrease in trade notes and accounts receivable	1,101	**(3,294)**	**(39,615)**
Increase in inventories	(20)	**(215)**	**(2,586)**
Increase in trade notes and accounts payable	2,886	**1,484**	**17,847**
(Increase) decrease in other current assets	(133)	**81**	**974**
Decrease in other current liabilities	(604)	**(1,350)**	**(16,236)**
Other	447	**525**	**6,313**
Sub-total	6,564	**2,849**	**34,263**
Interest and dividends received	137	**211**	**2,538**
Interest paid	(1,147)	**(1,084)**	**(13,037)**
Surcharge paid	-	**(450)**	**(5,412)**
Income taxes paid	(269)	**(319)**	**(3,836)**
Net cash provided by operating activities	5,285	**1,207**	**14,516**
Cash flows from investing activities:			
Purchases of investment securities	(8)	**(8)**	**(96)**
Proceeds from sales of investment securities	9	**17**	**204**
Purchases of property, plant and equipment	(2,669)	**(1,674)**	**(20,132)**
Proceeds from sales of property, plant and equipment	250	**188**	**2,261**
Expenditures for acquisition of shares in a subsidiary, net	(7)	**-**	**-**
Expenditures for acquisition of investments in an affiliate	(453)	**(356)**	**(4,281)**
Proceeds from sales of investments in an affiliate	197	**-**	**-**
Expenditures for acquisition of shares of new consolidated subsidiaries	(168)	**-**	**-**
Proceeds for acquisition of shares of new consolidated subsidiaries	115	**-**	**-**
Proceeds from sales of investments	-	**137**	**1,647**
Gain on business transfer	161	**-**	**-**
(Increase) decrease in short-term loans receivable	50	**(80)**	**(962)**
Other	(334)	**(548)**	**(6,591)**
Net cash used in investing activities	(2,857)	**(2,324)**	**(27,950)**

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 4)*
Cash flows from financing activities:			
Increase (decrease) in short-term bank borrowings	(6,803)	**2,225**	**26,759**
Proceeds from long-term debt	9,300	**8,466**	**101,816**
Repayment of long-term debt	(8,393)	**(7,691)**	**(92,495)**
Repayment of corporate bonds	(112)	**(20)**	**(241)**
Other	(65)	**(76)**	**(914)**
Net cash (used in) provided by financing activities	(6,073)	**2,904**	**34,925**
Effect of exchange rate changes on cash and cash equivalents	(63)	**(300)**	**(3,608)**
Net increase (decrease) in cash and cash equivalents	(3,708)	**1,487**	**17,883**
Cash and cash equivalents at beginning of year	12,883	**9,387**	**112,893**
Increase in cash and cash equivalents due to newly consolidated subsidiaries	197	**-**	**-**
Increase in cash and cash equivalents due to merger with unconsolidated subsidiaries	15	**-**	**-**
Cash and cash equivalents at end of year ***(Note 5)***	¥9,387	**¥10,874**	**$130,776**

See Accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2010 and 2011

1. Basis of Presentation

The accompanying consolidated financial statements of SWCC SHOWA HOLDINGS CO., LTD. (the "Company") and its consolidated subsidiaries (collectively the "Companies") have been 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.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan. Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. In preparing the consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits or losses among the Companies have been eliminated. In the elimination of investments in consolidated subsidiaries, the assets and liabilities of the consolidated subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries.

Differences between the cost of the investments in consolidated subsidiaries and the underlying equity at fair value of dates of acquisition have been amortized by the straight-line method over a period of five years.

The equity method of accounting has been adopted for investments in the major affiliated companies over which the Company exercises significant influence in terms of their operating and financial policies.

The total assets, retained earnings, net sales and net income (loss) of the unconsolidated subsidiaries and affiliated companies which are not accounted for by the equity method in the aggregate were not significant in relation to the corresponding consolidated balances of the Companies.

The number of the consolidated subsidiaries at March 31, 2011 is 24 (25 at March 31, 2010) listed as follows:

Name	Percentage of equity ownership	Paid-in capital
		(Millions)
SWCC Showa Cable Systems Co., Ltd.	100.0 %	¥10,000
SWCC Showa Device Technology Co., Ltd.	100.0	3,500
EXSYM Corporation	60.0	4,000
Unimac Ltd.	55.0	480
Fuji Electric Cable Co., Ltd.	100.0	318
Daiji Co., Ltd.	100.0	480
AXIO Corporation	100.0	310
Miyazaki Electric Wire & Cable Co., Ltd.	100.0	150
SWCC Showa Business Solutions Co., Ltd.	100.0	100
SDS Corporation	100.0	100
Logis-Works Co., Ltd.	100.0	95
Aomori Showa Electric Cable Co., Ltd.	100.0	80
Tamagawa Magnet Wire Co., Ltd.	100.0	46
Showa Recycle Co., Ltd.	100.0	20
STEC (Showa Technical Corporation)	100.0	20
Shoukou Equipment Industry Co., Ltd.	100.0	80
Tianjin Showa Enamelled Wire Co., Ltd.	54.8	US$17.0
Hangzhou Futong Showa Wire & Devices Co., Ltd.	75.0	US$12.2
Fuqing Showa Seiko Electric Co., Ltd.	100.0	US$3.4
SWCC Showa (VIETNAM) Co., Ltd.	100.0	US$7.0
SWCC Showa (ShangHai) Co., Ltd.	100.0	US$5.2
Jiaxing Showa Interconnect Products Co., Ltd.	95.2	US$3.2

SWCC Showa (H.K.) Co., Ltd.	100.0	HK$84.3
Dongguan Showa Interconnect Products Co., Ltd.	100.0	US$1.9

The number of affiliates, in which investments are accounted for by the equity method, is 4 (3 at March 31, 2010) listed as follows:

	Percentage of equity ownership	Paid-in capital
		(Millions)
Showa Science Co., Ltd.	50.0 %	¥40
Hua Ho Engineering Co., Ltd.	50.0	NT$35
Showa-TBEA (Shan Dong) Cable Accessories Co., Ltd	49.0	US$14.0
Hangzhou Futong Showa Copper Co., Ltd	37.3	CNY¥39.9

Tonan Seisakusyou Co., Ltd, the former consolidated subsidiary, was merged by Shoukou Equipment Industry Co., Ltd., on April 1, 2010.

Effective the year ended March 31, 2011, the equity method of accounting has been applied to Hangzhou Futong Showa Copper Co., Ltd., which was invested by SWCC Showa Cable Systems Co., Ltd. on July 21, 2010.

(b) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at applicable exchange rates at the balance sheet date, and differences resulting from the translation are included in other income or other expenses in the consolidated statements of income.

The assets and liabilities of foreign consolidated subsidiaries and affiliates that operate in local currency are translated into Japanese yen at the applicable exchange rates at the balance sheet date, except for the components of net assets excluding minority interests which are translated at their historical exchange rates. Income and expense accounts are also translated at the applicable exchange rates at the balance sheet date. Differences arising from the translation are presented as translation adjustments and minority interests in accumulated other comprehensive income of its consolidated financial statements.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in banks which is readily available and short-term investments with maturities of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(d) Inventories

Inventories are primarily stated at the lower of cost determined by the average method or net realizable value. Inventories of certain consolidated subsidiaries are stated at the lower of cost determined by the moving average method or by the specific identification method or net realizable value. When the costs exceed the net realizable values, inventories are written down to the net realizable value.

(e) Investment Securities

Marketable securities classified as “other securities” are carried at fair value with changes in unrealized holding gains or losses, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as “other securities,” which have no fair values, are carried at cost determined by the moving average method. Cost of securities sold is determined by the moving average method.

(f) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of buildings, excluding structures attached to the buildings, is computed primarily by the straight-line method over the estimated useful lives. Depreciation of other property, plant and equipment is calculated principally by the declining-balance method over the estimated useful lives. The main estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	31 years (3 - 50 years)
Machinery and vehicles	10 years (2 - 14 years)
Equipment and tools	5 years (2 - 15 years)

(g) Intangible Assets

Intangible assets are amortized by the straight-line method over each of their estimated useful lives. Especially, computer software for internal use is amortized by the straight-line method over its estimated useful lives of 5 years.

(h) Leases

Finance leases, the agreements of which do not include the transfer of ownership, are accounted for in the same manner as ordinary purchase transactions of fixed assets and are depreciated by straight-line method over the respective lease terms with a zero residential value. While, finance leases, the agreements of which do not include the transfer of ownership and started on or before March 31, 2008, are accounted for as operating leases.

(i) Allowance for Doubtful Accounts Receivable

The allowance for doubtful accounts receivable is provided based on historical default rates and additional estimated uncollectible amounts to cover specific doubtful accounts receivable.

(j) Provision for Retirement Benefits for Employees

Accrued retirement benefits for employees have been provided based on the projected benefit obligation and the fair value of plan assets. Prior service costs are amortized as incurred by the straight-line method over the average remaining service period of employees expected to receive benefits. Unrecognized actuarial gains and losses are amortized in the year following the year in which the gains or losses are recognized by the straight-line method over the average remaining service period of employees.

(k) Provision for Retirement Benefits for Directors and Statutory Auditors

To provide for the future benefit payment for directors and statutory auditors, the Companies have provided accrued retirement benefits based on their internal regulations.

(l) Reserve for Construction Loss

Reserve for construction loss is provided at the estimated amount for anticipated losses on the construction contracts in progress.

(m)Reserve for Disaster Loss

Reserve for disaster loss is provided for restoration expenses to recover the damage as a result of the Great East Japan Earthquake.

(n)Revenue and Cost of Construction Contracts

The Company recognized revenue and cost of construction contracts under the percentage-of-completion method if the outcome of the construction activity is deemed certain during the course of the activity. Otherwise, the Company recognized revenue and cost upon completed-contract method. The percentage of completion is calculated at the cost incurred as a percentage of the estimated total cost.

(o) Derivative

The Companies use foreign currency forward exchange contracts and interest rate swap agreements to hedge the risk of fluctuations in foreign currency exchange rates and interest rates, respectively. Gain or loss on changes in the fair market values of the derivative financial instruments which meet certain criteria as hedges is deferred on the balance sheet until gain or loss on the hedged items are recognized.

However, foreign currency forward exchange contracts, which meet certain conditions, are accounted for as a part of translating foreign currency monetary assets and liabilities in the consolidated balance sheets.

In case where interest rate swap agreements are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the contract is added to or deduced from the interest on the assets or liabilities for which the swap contract is executed.

Since commencement of hedge contracts, the companies have assessed the effectiveness of each hedge contract by comparing the total cash flow fluctuation or market fluctuation of hedging instruments and hedged items.

(p) Consumption Taxes

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

(q) Income Taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse. The companies in Japan file the consolidated tax return. Overseas consolidated subsidiaries are subject to income taxes in the countries in which they operate.

3. Accounting Standards Adopted in Fiscal Year 2011

Effective from the year ended March 31, 2011, the following new accounting standards were adopted.

(a) Asset Retirement Obligations

Effective the year ended March 31, 2011, the Company adopted the Accounting Standard, "Accounting Standard for Asset Retirement Obligations" ("ASBJ Statement No.18" issued by the Accounting Standard Board of Japan on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" ("ASBJ Guidance No.21" issued by the Accounting Standard Board of Japan on March 31, 2008).

Under these new accounting standards, the Company records asset retirement obligations at fair value in the period incurred. The fair value of the liability is resumed as the carrying amount of the associated asset. This additional carrying amount is then depreciated over the life of the assets. The liability increases due to the passage of time based on the time value of money until the obligation is settled. Subsequent to the initial recognition, the obligation is revised for any changes in the expected amount of the retirement obligation, and for accretion of the liability due to the passage of time.

As a result of the adoption of these standards, the income before income tax was decreased by ¥65 million (US$782 thousand) for the year ended March 31, 2011.

(b) Equity Method of Accounting for Investments

Effective the year ended March 31, 2011, the "Accounting Standard for Equity Method of Accounting for Investments" ("ASBJ Statement No.16" issued by the Accounting Standard Board of Japan on March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" ("ASBJ PITF No.24" issued by the Accounting Standard Board of Japan on March 10, 2008) were adopted.

The effect of this change was immaterial to the consolidated financial statements for the year ended March 31, 2011.

(c) Business Combinations

Effective the year ended March 31, 2011, the "Accounting Standard for Business Combinations" ("ASBJ Statement No.21" issued by the Accounting Standard Board of Japan on December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" ("ASBJ Statement No.22" issued by the Accounting Standard Board of Japan on December 26, 2008), the "Partial Amendments to Accounting Standard for Research and Development Costs" ("ASBJ Statement No.3" issued by the Accounting Standard Board of Japan on December 26, 2008), the "Accounting Standard for Business Divestitures" ("ASBJ Statement No.7" issued by the Accounting Standard Board of Japan on December 26, 2008), the "Accounting Standard for Equity method of Accounting for investments" ("ASBJ Statement No.16" issued by the Accounting Standard Board of Japan on December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Business Divestitures" ("ASBJ Guidance No.10" issued by the Accounting Standard Board of Japan on December 26, 2008) were adopted.

(d) Presentation of Comprehensive Income

Effective the year ended March 31, 2011, the "Accounting Standard for Presentation of Comprehensive Income" ("ASBJ Statement No.25" issued by the Accounting Standard Board of Japan on June 30, 2010) was adopted.

As the result of the adoption of this standard, the Company has presented the consolidated statement of comprehensive income for the years ended March 31, 2010 and 2011.

4. U.S. Dollar Amounts

For the convenience of the readers outside Japan, the accompanying consolidated financial statements are presented in U.S. dollars by translating all Japanese yen amounts at the exchange rate of ¥83.15 = US$1.00 prevailing on March 31, 2011. This translation should not be construed as a representation that the Japanese yen amounts actually represent, or have been or could be converted into U.S. dollar amounts at the above or any other rate.

5. Cash and Time Deposits

Information regarding cash and time deposits at March 31, 2010 and 2011 was as followings:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Cash and time deposits due within 3 months	¥9,387	**¥10,874**	**$130,776**
Time deposits due over 3 months	151	**151**	**1,816**
Total	¥9,538	**¥11,025**	**$132,592**

6. Inventories

The breakdown of Inventories at March 31, 2010 and 2011 was as follows:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Merchandise and finished goods	¥8,025	**¥7,763**	**$93,361**
Work in process	6,484	**6,828**	**82,117**
Raw materials and supplies	4,737	**4,870**	**58,569**
	¥19,246	**¥19,461**	**$234,047**

Inventories were revalued at the lower of cost or net realizable value with devaluation losses, which were included in Cost of Sales, for the years ended March 31, 2010 and 2011 in the amounts of ¥510 million and ¥152 million (US$1,828 thousand), respectively.

7. Investment Securities

(1) Information regarding marketable other securities at March 31, 2010 and 2011 was as follows:

	2010			**2011**			**2011**		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
	(Millions of yen)						*(Thousands of U.S. dollars)*		
Securities whose carrying value exceeds their acquisition cost:									
Stocks	¥2,318	¥4,822	¥2,504	**¥2,471**	**¥4,737**	**¥2,266**	**$29,718**	**$56,970**	**$27,252**
Securities whose acquisition cost exceeds their carrying value:									
Stocks	1,297	1,101	(196)	**1,149**	**910**	**(239)**	**13,818**	**10,944**	**(2,874)**
Total	¥3,615	¥5,923	¥2,308	**¥3,620**	**¥5,647**	**¥2,027**	**$43,536**	**$67,914**	**$24,378**

(2) Sales of securities classified as other securities amounted to ¥9 million and ¥2 million (US$24 thousand) with an aggregate gain of ¥3 million and ¥0 million (US$0 thousand) for the years ended March 31, 2010 and 2011, respectively.

8. Short-term and Long-term Debts

Short-term debt composes short-term borrowings and current portion of long-term borrowings, corporate bonds and finance lease obligations. The weighted average interest rates for short-term borrowings and current portion of long-term borrowings at March 31, 2011 were 1.46% and 2.27%, respectively.

Short-term borrowings at March 31, 2010 and 2011 consisted of the following:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unsecured	14,554	**17,527**	**210,788**
Secured	26,042	**25,295**	**304,209**
	¥40,596	**¥42,822**	**$514,997**

Long-term debt at March 31, 2010 and 2011 consisted of the following:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
0.55% yen unsecured straight bonds due 2012	110	**90**	**1,082**
Loans principally from banks and insurance companies due serially to 2016 and predominantly collateralized, with a weighted average interest of 2.33%	20,287	**21,061**	**253,289**
Finance lease obligations due 2018	302	**338**	**4,065**
Less: portion due within one year	(7,552)	**(8,003)**	**(96,247)**
	¥13,147	**¥13,486**	**$162,189**

The aggregate annual maturities of long-term debt subsequent to March 31, 2011 were as follows:

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2013	**¥4,917**	**$59,134**
2014	**4,157**	**49,994**
2015	**2,582**	**31,052**
2016 and thereafter	**1,830**	**22,009**
	¥13,486	**$162,189**

At March 31, 2010 and 2011, the following assets were pledged as collateral for certain of the above debts:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Investment securities	¥3,783	**¥3,534**	**$42,502**
Property, plant and equipment, at net book value:			
Buildings and structures	9,133	**9,045**	**108,779**
Machinery, equipment and tools	1,082	**698**	**8,395**
Land	18,251	**18,157**	**218,364**
Other	55	**193**	**2,321**
	¥32,304	**¥31,627**	**$380,361**

9. Leases

As lessee

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of finance leases, the agreements of which do not include the transfer of ownership and started on or before March 31, 2008, as of March 31, 2010 and 2011, which would have been reflected in the consolidated balance sheets if the leases had been accounted for in the same manner as ordinary purchase transactions of fixed assets:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Acquisition costs	¥3,595	**¥2,737**	**$32,916**
Accumulated depreciation	2,135	**1,856**	**22,321**
Net book value	¥1,460	**¥881**	**$10,595**

Note: Assumed acquisition costs include the capitalized interest thereon, as the proportion of future minimum lease payments to total property, plant and equipment at fiscal year-end is immaterial.

Future minimum lease payments subsequent to March 31, 2010 and 2011, for finance leases, the agreements of which do not include the transfer of ownership and started on or before March 31, 2008, are summarized as follows:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Within one year	¥579	**¥425**	**$5,111**
Over one year	881	**456**	**5,484**
Total	¥1,460	**¥881**	**$10,595**

Note: Assumed future minimum lease payments for finance leases include the capitalized interest thereon, as the proportion of future minimum lease payments to total property, plant and equipment at fiscal year-end is immaterial.

Lease payments under such leases for the years ended March 31, 2010 and 2011, were ¥749 million and ¥575 million (US$6,915thousand), respectively. These lease payments were equal to the depreciation of leased assets computed by the straight-line method over the respective lease terms with a zero residential value.

In addition, the future minimum payment for operating leases subsequent to March 31, 2010 and 2011 are summarized as follows:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Within one year	¥351	**¥363**	**$4,366**
Over one year	738	**406**	**4,882**
Total	¥1,089	**¥769**	**$9,248**

10. Retirement Benefits for Employees

The Companies have principally defined benefit plans such as employee's pension fund and defined benefit corporate pension plans, lump-sum retirement benefit plans and defined contribution pension plans. Some consolidated overseas subsidiaries have defined benefit plans.

(1) Retirement benefit obligation:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Retirement benefits obligation	¥ (12,092)	**¥ (11,966)**	**$ (143,909)**
Plan assets at fair value	9,826	**9,446**	**113,602**
Unfunded retirement benefit obligation	(2,266)	**(2,520)**	**(30,307)**
Prepaid pension cost	(3,473)	**(3,245)**	**(39,025)**
Unrecognized prior service cost	8	**6**	**72**
Unrecognized actuarial loss	4,935	**5,050**	**60,734**
Retirement benefit obligation for employees	¥ (796)	**¥ (709)**	**$ (8,526)**

(2) The components of retirement benefit expenses:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Service cost	¥736	**¥753**	**$9,056**
Interest cost	203	**210**	**2,525**
Expected return on plan assets for the year	(284)	**(316)**	**(3,800)**
Amortization of prior service cost	2	**2**	**24**
Amortization of actuarial loss	632	**598**	**7,192**
Total	¥1,289	**¥1,247**	**$14,997**

Notes

1. Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in "Service Cost."
2. The Companies' contribution to defined contribution pension plans is included in "Service Cost."

(3) The actuarial assumptions used in the above computations for the years ended March 31, 2010 and 2011:

a. Methods of attributing the projected benefit obligations to periods of service: straight-line basis

b. Discount rate: 2.0%

c. Expected rate of return on plan assets: 3.5%

d. The actuarial gain or loss and prior service cost are amortized by the straight-line method over 13 years, which are the estimated average remaining years of service of the eligible employees.

11. Contingent Liabilities

At March 31, 2010 and 2011, the Companies were contingently liable for the following items:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Discounted and endorsed trade notes receivable	¥ 825	**¥1,120**	**$13,470**
Guarantees of indebtedness of employees	36	**27**	**324**
Guarantees of indebtedness of affiliates	70	**-**	**-**
	¥931	**¥1,147**	**$13,794**

12. Land Revaluation

In accordance with the Law Concerning Revaluation of Land enacted on March 31, 1998 and the Law which revises a part of Law Concerning Revaluation of Land enacted on March 31, 2001, land owned by the Company used for business was revalued, and the unrealized gain on the revaluation of land, net of deferred tax, was reported as "Variance of land revaluation" within net assets, and the relevant deferred tax was included in liabilities as "Deferred taxes related to land revaluation" at March 31, 2002.

The fair value of the land at March 31, 2010 and 2011 was lower than its carrying amount by ¥8,171 million and ¥8,520 million (US$102,465 thousand), respectively.

13. Net Assets

The Japanese Corporate Law (the "Law") provides that amounts from capital surplus and retained earnings may be distributed to the shareholders at any time by resolution of the shareholders or by the Board of Directors if certain provisions are met subject to the extent of applicable sources of such distributions.

The Law further provides that amounts equal to 10% of such distributions be transferred to the capital reserve included in capital surplus or the legal reserve included in retained earnings based on the applicable sources of such distributions until the sum of the capital reserve and the legal reserve equals 25% of common stock.

Information regarding changes in net assets for the years ended March 31, 2010 and 2011 were as follows:

(a) Shares issued and treasury stock

For the year ended March 31, 2010

Types of shares	Number of shares at March 31, 2009	Increase	Decrease	Number of shares at March 31, 2010
	Thousands of shares			
Share issued:				
Common stock	251,127	-	-	251,127
Treasury stock:				
Common stock	77	54	38	93

Note: Increase of 54 thousand shares in treasury stock is due to purchases of 25 thousand shares less than standard unit and increase of 29 thousand shares of treasury stock which were owned by the consolidated subsidiaries.

Decrease of 38 thousand shares in treasury stock is due to sales of 9 thousand shares less than standard unit and decrease of 29 thousand shares of treasury stock which were owned by the consolidated subsidiaries.

For the year ended March 31, 2011

Types of shares	Number of shares at March 31, 2010	Increase	Decrease	Number of shares at March 31, 2011
	Thousands of shares			
Share issued:				
Common stock	**251,127**	**-**	**-**	**251,127**
Treasury stock:				
Common stock	**93**	**5**	**0**	**98**

Note: Increase of 5 thousand shares of treasury stock is due to purchases of shares less than standard unit.

Decrease of 0 thousand shares of treasury stock is due to sales of shares less than standard unit.

(b) Dividends

There were no dividends paid for the years ended March 31, 2010 and 2011.

14. Selling, General and Administrative Expenses

The breakdown of "Selling, General and Administrative Expenses" for the years ended March 31, 2010 and 2011 was as follows:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Shipping charges	¥1,637	**¥1,730**	**$20,806**
Other selling expenses	1,265	**1,329**	**15,983**
Salaries and other allowances for employees	6,790	**5,955**	**71,617**
Retirement benefits expenses for employees	870	**893**	**10,740**
Retirement benefits expenses for directors and statutory auditors	27	**19**	**228**
Allowance for doubtful accounts	109	**47**	**565**
Depreciation and amortization cost	681	**667**	**8,022**
Other	7,266	**6,346**	**76,320**
	¥18,645	**¥16,986**	**$204,281**

Research and development expensed included in “Selling, general and administrative expenses” and manufacture costs for the year ended March 31, 2010 and 2011 amounted to ¥1,040 million and ¥201 million, ¥822 million (US$9,886 thousand) and ¥157 million (US$1,888 thousand), respectively.

15. Impairment of Fixed Assets

For the years ended March 31, 2010 and 2011, the Companies recognized loss on impairment of fixed assets of ¥333 million and ¥50 million (US$601 thousand).

For assessment of impairment of fixed assets, the Companies group idle assets and assets for lease based on an individual asset, and other assets based on the categories used in the company’s managerial accounting, where gain or loss periodically monitored.

For the year ended March 31, 2010, as for idle assets located in Tianjin, China, their market value has remarkably fallen against their carrying amount and the book value of the assets was reduced to recoverable amount. The amount written down was ¥59 million. As for facilities related to manufacture of electric wires located in Aomori, Japan, their profitability had remarkably declined due to market deterioration and the book value of the assets was reduced to recoverable amount. The amount written down was ¥274 million.

For the year ended March 31, 2011, as for idle assets located in Fukushima, their market value has remarkably fallen against their carrying amount and the book value of the assets was reduced to recoverable amount. The amount written down was ¥50 million (US$601 thousand).

The recoverable amounts are their net selling prices based on estimated selling prices and the published land price.

The amount written down was recorded as loss on impairment of fixed assets. The breakdown of loss on impairment of fixed assets was as follows:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Land	¥ 15	**¥50**	**$601**
Machinery, equipment and tools	289	**0**	**0**
Finance lease assets	29	**0**	**0**
	¥333	**¥50**	**$601**

16. Loss on disaster

Details of loss on disaster due to temporary operating cease of Sendai factory of SWCC Showa Cable Systems Co., Ltd. and the head factory of Tamagawa Magnet Wire Co., Ltd. caused by the Great East Japan Earthquake on March 11, 2011 are shown as follows:

	2011	**2011**
	(Millions of yen)	*(Thousands of U.S. dollars)*
Fixed expenses due to non-operating	**¥224**	**$2,694**
Loss on disposal of property, plant and equipment	**39**	**469**
Loss on disposal of inventories	**52**	**625**
Restoration expenses and others	**180**	**2,165**
Total	**¥495**	**$5,953**

17. Income Taxes

Significant components of the Companies’ deferred taxes at March 31, 2010 and 2011 were as follows:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Loss carry-forwards	¥7,073	**¥7,294**	**$87,721**
Unrealized gain on real estates	621	**621**	**7,468**
Accrued bonuses	660	**587**	**7,060**
Depreciation	384	**341**	**4,101**
Land devaluation	-	**303**	**3,644**
Other accounts payable	401	-	-
Retirement benefits	311	-	-
Other	2,059	**1,937**	**23,295**
Subtotal deferred tax assets	11,509	**11,083**	**133,289**
Valuation allowance	(9,840)	**(9,454)**	**(113,698)**
Total deferred tax assets	1,669	**1,629**	**19,591**

Deferred tax liabilities:			
Prepaid pension cost	(1,372)	**(1,260)**	**(15,153)**
Unrealized holding gains on securities	(876)	**(784)**	**(9,429)**
Other	(429)	**(359)**	**(4,317)**
Total deferred tax liabilities	(2,677)	**(2,403)**	**(28,899)**
Net deferred tax assets (liabilities):	¥(1,008)	**¥(774)**	**$(9,308)**
Deferred tax assets related to land revaluation:	1,559	**1,554**	**18,689**
Valuation allowance	(1,559)	**(1,554)**	**(18,689)**
Total deferred tax assets related to land revaluation	-	-	-
Deferred tax liabilities related to land revaluation:	(5,410)	**(5,410)**	**(65,063)**
Total deferred tax assets (liabilities) related to land revaluation	(5,410)	**(5,410)**	**(65,063)**
Net deferred tax liabilities related to land revaluation:	¥ (5,410)	**¥(5,410)**	**$(65,063)**

Reconciliation of the difference between the statutory tax rate and effective rate on taxable income for the year ended March 31, 2010 is not presented since the Company recorded loss before income taxes and minority interests.

The significant differences between the statutory tax rate and the effective tax rate for the year ended March 31, 2011 are summarized as follows:

	2011
Statutory tax rate	**39.5%**
Change in valuation allowance	**(258.2)**
Inhabitant tax per capita	**50.8**
Expenses not deductible for tax purposes	**227.1**
Equity in earnings of affiliates	**22.8**
Foreign taxes	**22.5**
Other	**5.3**
Effective tax rate	**109.9%**

18. Financial Instruments

(a) Policy for financial instruments

According to the fund management policy of the Company, temporary surplus funds will be invested into the highly secured financial assets, and necessary funds for finance investment are primarily borrowed through bank loans. Derivative transactions are only used for hedging risk of the significant fluctuations in interest rates and foreign currency exchange rates, not for speculative purpose.

(b) Financial instruments and accompanying risks

Trade notes and accounts receivable are exposed to customer credit risk. Trade receivables in foreign currencies and foreign-currency loans among the Companies are exposed to exchange rate fluctuation risk, which is hedged through foreign currency forward exchange contracts. Investment securities are composed primarily of equity securities of customers and exposed to the market value fluctuation risk.

Trade notes and accounts payable normally have payment terms of less than one year. Although part of the above trade payables and foreign-currency borrowings are exposed to the risk of exchange rate fluctuation, they are constantly controlled within the amount of foreign-currency trade receivables. Corporate bonds and long-term debts, which have maturity dates within five years and two months, are primarily utilized to secure financing for equipment. Certain bonds and borrowings which are based on variable interest rates are exposed to interest rate fluctuation risk. However, they are hedged through derivative transactions, i.e. interest rate swap agreements. It is possible that long-term debts under syndicated loan contracts which are decided by the financial regulatory conditions will lose term benefit if any contradictions occurred.

Derivative transactions consist mainly of foreign currency forward exchange contracts which are used for hedging the risk of exchange rate fluctuations in trade receivables and payables denominated in foreign currency, and interest rate swap contracts which are used for hedging the risk of interest rate fluctuations in corporate bonds and borrowings. As hedging policy, appropriate hedge instruments shall be selected per risk category. Evaluation of hedge effectiveness is performed through comparing market value of hedge items or the amounts of cash flows with market value of hedge instruments or the amounts of cash flows.

(c) Risks management system associated with financial instruments

1) Credit risk management (Risk of default on payment by counterparts, etc.)

The Companies manage payment term and payment balance per trade transaction in order to control and mitigate credit risks due to financial situation difficulties in accordance with the Companies' credit management policy.

When dealing with the derivative transactions, the Companies only trade with highly rated financial institutions to minimize the counterparty's credit risks.

2) Market risk management (Risk of exchange rate and interest rate fluctuation, etc.)

The Company utilizes foreign currency forward exchange contracts to hedge the risk of exchange rate fluctuation. Depending on the situation of foreign currency exchange market, the Companies use foreign forward exchange contracts for trade receivables in foreign currency. On the other hand, interest rate swap agreements are utilized to hedge the interest rate fluctuation risk associated with corporate bonds and borrowings.

The Company periodically reviews the fair values of financial instruments, such as marketable securities and investment securities, and the financial position of the issuers. Based on this information and relationship with the issuers, the Company evaluates whether the securities should be maintained or not.

Derivative transactions are performed and managed in accordance with the Companies' credit management policy.

3) Liquidity risk management on financing activities (Risk of inability to repay on due date)

The Company, as parent company, manages fund of the group companies. The finance department prepares and updates financing plans periodically based on the group companies' necessaries and keeps a certain amount of cash in hand for the purpose of liquidity risk management.

(d) Other supplementary in the fair value of financial instruments

The fair values of financial instruments are based on the markets prices or reasonable estimated fair values when the fair values are not available. The estimated fair values will fluctuate due to variety of factors and assumptions.

Information regarding non-marketable other securities, for which it is extremely difficult to determine the fair value at March 31, 2010 and 2011 is shown as follows:

	2010	**2011**	**2011**
	Carrying amounts		
	(Millions of yen)		*(Thousands of U.S. dollars)*
Other securities			
Stocks and investments in unlisted companies	¥1,308	**¥1,523**	**$18,316**
	¥1,308	**¥1,523**	**$18,316**

The carrying amounts and fair values of the financial instruments on the consolidated balance sheet as of March 31, 2010 and March 31, 2011 are summarized as follows.

	2010			**2011**			**2011**		
	Carrying amounts	Fair Values	Differences	Carrying amounts	Fair Values	Differences	Carrying amounts	Fair Values	Differences
	(Millions of yen)			*(Millions of yen)*			*(Thousands of U.S.dollars)*		
(1) Cash and time deposits	¥9,538	¥9,538	¥-	**¥11,025**	**¥ 11,025**	**¥ -**	**$132,592**	**$132,592**	**$-**
(2) Trade notes and accounts receivable	43,922	43,870	(52)	**47,217**	**-**	**-**	**567,853**	**-**	**-**
Allowance for doubtful accounts	-	-	-	**(307)**	**-**	**-**	**(3,692)**	**-**	**-**
	43,922	43,870	(52)	**46,910**	**46,849**	**(61)**	**564,161**	**563,427**	**(734)**
(3) Investment securities and other securities	5,923	5,923	-	**5,647**	**5,647**	**-**	**67,914**	**67,914**	**-**
(4) Trade notes and accounts payable	(22,613)	(22,601)	(12)	**(23,883)**	**(23,855)**	**(28)**	**(287,228)**	**(286,891)**	**(337)**
(5) Short-term borrowings	(40,596)	(40,596)	-	**(42,822)**	**(42,822)**	**-**	**(514,997)**	**(514,997)**	**-**
(6) Corporate bonds	(110)	(106)	(4)	**(90)**	**(88)**	**(2)**	**(1,082)**	**(1,058)**	**(24)**
(7) Long-term borrowings	(20,287)	(20,194)	(93)	**(21,061)**	**(21,129)**	**68**	**(253,289)**	**(254,107)**	**818**
(8) Derivative transactions									
(i) Hedge accounting not applicable	(30)	(30)	-	**(15)**	**(15)**	**-**	**(180)**	**(180)**	**-**
(ii) Hedge accounting applicable	(4)	(4)	-	**(0)**	**(0)**	**-**	**(0)**	**(0)**	**-**

Notes:

(1) Cash and time deposits

The carrying amount approximates fair value due to the short maturity of these instruments.

(2) Trade notes and accounts receivable

The fair value of trade notes and accounts receivable is based on the present value using appropriate current discount rate decided upon the recovery term and the credit risk.

(3) Investment securities and other securities

The fair value of investment securities is based on quoted market price.

(4) Trade notes and accounts payable

The fair value of trade notes and accounts payable is estimated based on the present value of future cash flows using appropriate current discount rate which is decided upon recovery term and credit risk too.

(5) Short-term debts

The carrying amount approximates fair value due to the short maturity of these instruments. Long-term debts within one year are recorded in long-term debts.

(6) Corporate bonds and (7) Long-term debts

The fair value of corporate bonds and long-term debts are based on the current discounted interest rates which are borrowed with the same conditions. Corporate bonds and long-term debts with the maturity term within one year are involved.

Redemption schedules for cash and trade receivables after March 31, 2010 and March 31, 2011 are summarized as follows:

	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years
	(Millions of yen)			*(Thousands of U.S.dollars)*		
2010						
Cash and time deposits	¥9,538	¥-	¥-			
Trade notes and accounts receivable	38,512	5,410	-			
Total of the amounts	¥48,050	¥5,410	¥-			
2011						
Cash and time deposits	**¥11,025**	**¥-**	**¥-**	**$132,592**	**$-**	**$-**
Trade notes and accounts receivable	**39,790**	**7,427**	**-**	**478,532**	**89,321**	**-**
Total of the amounts	**¥50,815**	**¥7,427**	**¥-**	**$611,124**	**$89,321**	**$-**

Redemption schedules for trade payables, corporate bonds and long-term borrowings after March 31, 2010 and March 31, 2011 are summarized as follows:

	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years
	(Millions of yen)			*(Thousands of U.S.dollars)*		
2010						
Trade notes and accounts payable	¥22,396	¥217	¥-			
Corporate bonds	20	90	-			
Long-term borrowings	7,452	11,995	840			
Total of the amounts	¥29,868	¥12,302	¥840			
2011						
Trade notes and accounts payable	**¥23,321**	**¥562**	**¥-**	**$280,469**	**$6,759**	**$-**
Corporate bonds	**20**	**70**	**-**	**241**	**842**	**-**
Long-term borrowings	**7,878**	**12,883**	**300**	**94,744**	**154,937**	**3,608**
Total of the amounts	**¥31,219**	**¥13,515**	**¥300**	**$375,454**	**$162,538**	**$3,608**

19. Derivatives

The following is a summary of the derivative contracts which do not meet the criteria for hedge accounting:

(a) Currency-related Transactions

	2010			**2011**			**2011**		
	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value	Recognized gain (loss)
					(Millions of yen)		*(Thousands of U.S. dollars)*		
Forward foreign exchange contracts									
(Sell-USD)	¥3,078	¥ (32)	¥ (32)	**¥4,226**	**¥(14)**	**¥(14)**	**$50,824**	**$ (168)**	**$(168)**
(Sell-QAR)	-	-	-	**1,410**	**(0)**	**(0)**	**16,957**	**(0)**	**(0)**
Forward foreign exchange contracts									
(Buy-USD)	¥212	¥ 2	¥ 2	**¥-**	**¥-**	**¥-**	**$-**	**$-**	**$-**

Note: Fair value is based on the quoted market values provided by financial institutions.

(b) Interest-related Transactions

	2010			**2011**			**2011**		
	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value	Recognized gain (loss)
					(Millions of yen)		*(Thousands of U.S. dollars)*		
Interest rate swap contracts									
Pay/fixed and Receive/floating	¥200	¥0	¥0	**¥-**	**¥-**	**¥-**	**$-**	**$-**	**$-**

Note: Fair value is based on the quoted market values provided by financial institutions.

The following is a summary of the derivative contracts which meet the criteria for hedge accounting:

(a) Currency-related Transactions

	2010		**2011**		**2011**	
	Contracted amount	Fair value	Contracted amount	Fair value	Contracted amount	Fair Value
	(Millions of yen)		*(Millions of yen)*		*(Thousands of U.S. dollars)*	
Forward foreign exchange contracts under hedge exposure (Sell)						
USD	¥113	¥-	**¥-**	**¥-**	**$-**	**$-**
EUR	8	-	-	-	-	-
QAR	633	-	**354**	-	**4,258**	-
AED	37	-	-	-	-	-
KWD	780	-	-	-	-	-
SGD	11	-	**4**	-	**48**	-
Forward foreign exchange contracts under deferral hedge (Sell)						
USD	¥19	¥(1)	**¥-**	**¥-**	**$-**	**$-**
EUR	8	-	**8**	**(0)**	**96**	**(0)**
QAR	87	(3)	-	-	-	-
SGD	11	-	-	-	-	-
Total	¥1,707	¥(4)	**¥366**	**¥(0)**	**$4,402**	**$(0)**

Note: Fair value of the forward foreign exchange contracts is included in the fair value of the accounts receivable which are hedged..

(b) Interest-related Transactions

	2010			**2011**			**2011**		
	Contracted amount	Contracted amount over 1 year	Fair value	**Contracted amount**	**Contracted amount over 1 year**	**Fair value**	**Contracted amount**	**Contracted amount over 1 year**	**Fair value**
	(Millions of yen)			***(Millions of yen)***			***(Thousands of U.S. dollars)***		
Interest rate swaps Pay/fixed and Receive/floating Long-term debt	¥11,949	¥6,368	¥-	**¥9,998**	**¥4,452**	**¥-**	**$120,241**	**$53,542**	**$-**

Note: Fair value of the interest rate swaps transaction is included in the fair value of the long-term debts.

20. Per Share Information

Net income (loss) and net assets per share for the years ended March 31, 2010 and 2011 were as follows:

	2010	2011	2011
		(Yen)	*(U.S. dollars)*
Net income (loss) per share	¥ (10.10)	**¥ 1.12**	**$0.013**
Net assets per share	¥138.89	**¥ 137.79**	**$1.657**

Net income (loss) per share is calculated based on the net income (loss) and the weighted average number of shares outstanding during each year. Net assets per share are calculated based on the net assets excluding the minority interests and the number of shares outstanding at the year end.

The basis for calculation of basic net income per share was as follows:

	2010	2011	2011
	(Millions of yen)		*(Thousands of U.S. dollars)*
Net income (loss)	¥(2,536)	**¥282**	**$3,391**
Net income (loss) attributable to shares of common stock	¥(2,536)	**¥282**	**$3,391**
	(Thousands of shares)		
Weighted average number of shares for basic net income	251,015	**251,031**	-

21. Segment Information

Business Segments

The businesses of the Company are divided based on the similarity in products and service categories into five classifications whose financial information are separately available for the management to make decisions regarding management resources allocation and evaluate each business segments result regularly.

The Companies primarily operate in the following five reportable business segments:

(1) Electric Wire operations:
Bare conductors, insulated wires

(2) Power System operations:
Electric power cables, aluminum wires, power cable construction and power accessories

(3) Manet Wire operations:
Magnet wires

(4) Communication System operations:
Optical fiber cables, communication cables, communication cable construction, network solution and fiber photonics products

(5) Device operations:
Precision devices, vibration controlling devices and wire harnesses

The business segment "Others" which is not stated as reportable business segment, includes the businesses of selling superconducting wires, logistics and other operations.

Reportable segment performance is evaluated based on operating income or loss. The intersegment sales and transfers between segments are made at arm's length prices.

The business segment information for the Companies for the year ended March 31, 2010 is summarized as follows:

2010	Reportable Business Segments								
Segment Information	Electric Wire	Power System	Magnet Wire	Communication System	Device	Others	Total	Eliminations	Consolidated
				(Millions of yen)					
Net sales									
Outside Customers	¥44,560	¥41,773	¥16,354	¥22,919	¥14,063	¥1,729	¥141,398	¥-	¥141,398
Inter segment	15,961	119	516	1,414	249	9,917	28,176	(28,176)	-
Total	¥60,521	¥41,892	¥16,870	¥24,333	¥14,312	¥11,646	¥169,574	¥(28,176)	¥141,398
Operating income or loss	¥739	¥122	¥(150)	¥(94)	¥(333)	¥(260)	¥24	¥(90)	¥(66)
Segment Assets	¥32,300	¥44,026	¥13,754	¥21,922	¥11,942	¥8,068	¥132,012	¥8,724	¥140,736
Depreciation	957	1,252	539	750	541	505	4,544	(38)	4,506
Investments in equity method affiliates	-	504	-	-	121	-	625	-	625
Increase in fix assets	536	403	687	424	239	625	2,914	(123)	2,791

Notes:

(1) Segment income or loss included in Eliminations of ¥90 million, mainly consisted of unrealized gain of ¥134 million and amortization of goodwill of ¥92 million.

(2) Segment assets included in Eliminations amounted to ¥8,724 million, mainly consisted of the common assets not allocated to any segment of ¥16,250 million, elimination of inter-segment transactions of ¥5,734 million and unrealized gain of ¥2,048 million. The common assets not allocated to any segment mainly consisted of cash, time deposits and investment securities.

(3) Segment depreciation corresponds to unrealized gain.

(4) Segment increase in fixed assets corresponds to unrealized gain.

(5) Segment income or loss corresponds to consolidated operating loss.

The business segment information for the Companies for the year ended March 31, 2011 is summarized as follows:

2011	Reportable Business Segments								
Segment Information	Electric Wire	Power System	Magnet Wire	Communication System	Device	Others	Total	Eliminations	Consolidated
				(Millions of yen)					
Net sales									
Outside Customers	**¥56,075**	**¥43,384**	**¥21,041**	**¥26,064**	**¥16,320**	**¥2,628**	**¥165,512**	**-**	**¥165,512**
Inter segment	**20,721**	**982**	**897**	**1,975**	**976**	**8,266**	**33,817**	**(33,817)**	**-**
Total	**¥76,796**	**¥44,366**	**¥21,938**	**¥28,039**	**¥17,296**	**¥10,894**	**¥199,329**	**¥(33,817)**	**¥165,512**
Operating income or loss	**¥974**	**¥(196)**	**¥369**	**¥1,238**	**¥568**	**¥(185)**	**¥2,768**	**¥(235)**	**¥2,533**
Segment Assets	**¥37,140**	**¥44,218**	**¥14,275**	**¥20,744**	**¥12,059**	**¥8,559**	**¥136,995**	**¥5,376**	**¥142,371**
Depreciation	**835**	**1,272**	**518**	**696**	**448**	**510**	**4,279**	**(63)**	**4,216**
Investments in equity method affiliates	**183**	**573**	**-**	**-**	**85**	**-**	**841**	**-**	**841**
Increase in fix assets	**259**	**290**	**492**	**313**	**254**	**752**	**2,360**	**(153)**	**2,207**

2011	Reportable Business Segments								
Segment Information	Electric Wire	Power System	Magnet Wire	Communication System	Device	Others	Total	Eliminations	Consolidated
				(Thousands of U.S. dollars)					
Net sales									
Outside Customers	**$674,384**	**$521,756**	**$253,048**	**$313,458**	**$196,272**	**$31,605**	**$1,990,523**	**-**	**$1,990,523**
Inter segment	**249,200**	**11,810**	**10,788**	**23,752**	**11,738**	**99,411**	**406,699**	**(406,699)**	**-**
Total	**$923,584**	**$533,566**	**$263,836**	**$337,210**	**$208,010**	**$131,016**	**$2,397,222**	**$ (406,699)**	**$1,990,523**
Operating income or loss	**$11,714**	**$(2,357)**	**$4,438**	**$14,888**	**$6,831**	**$(2,225)**	**$33,289**	**$(2,826)**	**$30,463**
Segment Assets	**$446,663**	**$531,786**	**$171,678**	**$249,477**	**$145,027**	**$102,934**	**$1,647,565**	**$64,654**	**$1,712,219**
Depreciation	**10,042**	**15,298**	**6,230**	**8,370**	**5,388**	**6,133**	**51,461**	**(758)**	**50,703**
Investments in equity method affiliates	**2,201**	**6,891**	**-**	**-**	**1,022**	**-**	**10,114**	**-**	**10,114**
Increase in fix assets	**3,115**	**3,488**	**5,917**	**3,764**	**3,055**	**9,043**	**28,382**	**(1,840)**	**26,542**

Notes:

(1) Segment income or loss included in Eliminations of ¥235 million (US$2,826 thousand), mainly consisted of unrealized profits of ¥119 million (US$1,431 thousand) and amortization of goodwill of ¥88 million (US$1,058 thousand).

(2) Segment assets included in Eliminations amounted to ¥5,376million (US$64,654 thousand), mainly consisted of the common assets not allocated to any segment of ¥17,515 million (US$210,643 thousand), elimination of inter-segment transactions of ¥10,186 million (US$122,502 thousand) and unrealized gain of ¥2,153 million (US$25,893thousand). The common assets not allocated to any segment mainly consisted of cash, time deposits and investment securities.

(3) Segment depreciation corresponds to unrealized gain.

(4) Segment increase in fixed assets corresponds to unrealized gain.

(5) Segment income or loss corresponds to consolidated operating income.

Related Information

Effective the year ended March 31, 2011, the Company adopted the “Accounting Standard for Disclosure about segments of an Enterprise and Related Information” (“ASBJ Statement No.17” issued on March 27, 2009) and the “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (“ASBJ Guidance No.20” issued on March 21, 2008).

Geographical Segments

Geographical segment information of the Companies for the year ended March 31, 2010 has been omitted because both of total sales and assets of the domestic segment were more than 90% of the total sales and assets of all segments.

Overseas sales of the Companies for the year ended March 31, 2010 are summarized as follows:

Year ended March 31, 2010	Asia	Other	Total
		(Millions of yen)	
Overseas sales	¥17,067	¥611	¥17,678
Consolidated net sales			141,398
Overseas sales as a percentage of consolidated net sales	12.1%	0.4%	12.5%

Notes:

1. Countries and area are segmented based on their geographical proximity.

2. Major countries or areas in Asia are China, Qatar, and UAE, etc.

3. Overseas sales consist of sales of Companies in countries and areas other than Japan.

Geographical segment sales for the year ended March 31, 2011 are summarized as follows:

Year ended March 31, 2011	Japan	Asia	Other	Total
		(Millions of yen)		
Sales	**¥143,603**	**¥21,543**	**¥366**	**¥165,512**

Year ended March 31, 2011	Japan	Asia	Other	Total
		(Thousands of U.S. dollars)		
Sales	**$1,727,035**	**$259,086**	**$4,402**	**$1,990,523**

Notes: Countries and area are segmented based on the customers' geographical locations.

Segment information on impairment losses on fixed assets for the year ended March 31, 2011 are summarized as follows:

	Reportable Business Segments							
Year ended March 31, 2011	Electric Wire	Power System	Magnet Wire	Communication System	Device	Others	Eliminations	Total
				(Millions of yen)				
Impairment losses of fixed assets	-	-	-	-	**36**	**14**	-	**50**

	Reportable Business Segments							
Year ended March 31, 2011	Electric Wire	Power System	Magnet Wire	Communication System	Device	Others	Eliminations	Total
				(Thousands of U.S. dollars)				
Impairment losses of fixed assets	-	-	-	-	**433**	**168**	-	**601**

Notes: Impairment losses of fixed assets in other segment is related to the idled assets which are owned by the company engaged in administrative management business.

22. Subsequent Events

On May 13, 2011, the Board of Directors approved a business cooperation agreement with Futong Group Co., Ltd. and agreed to issue new shares attributable to a third-party, Futong Group (Hong Kong) Co., Ltd., a wholly owned subsidiary of Futong Group Co., Ltd.

(a) Business partnership

1) Together with Futong Goup Co., Ltd, the Company will invest to set up joint ventures in China and other emerging nations, where are expected to keep continuous economic growth, to expand business operations in the infrastructure field. The primary cooperative businesses include:

i) Copper wire rod business
ii) Industrial electronic wire cable business

2) Together with Futong Goup Co., Ltd, the Company will establish Research and Development Centre in China, where materials market continues remarkable growth, to supplement and strengthen this business cooperation.
3) Through this business cooperation, the Company and Futong Group will utilize each other's sales routes to strengthen supply chains, and then boost price competitiveness.
4) Through this business cooperation, the Company and Futong Group will promote the exchange of experienced persons with each other.

(b) Allocation of new shares to a third-party

Type and number of issued shares:	Common stocks 57,142,000
Issue price per share:	105 yen
Total amounts:	5,999,910,000 yen
Capital:	52.5 yen per share
Capital surplus:	52.5 yen per share
Issue method:	Allocation of new shares to a third-party
Shareholder:	Futong Group (Hong Kong) Co., Ltd
Payment term:	From June 17, 2011 to September 20, 2011
Capital utilization:	

i) Investments in new businesses in China or other emerging nations
ii) Research and development for environmental productions for the low-carbon society
iii) Investments for enhancing operating bases in Japan