

***Consolidated Financial Statements
for the year ended March 31, 2013***

***SWCC Showa Holdings Co., Ltd.
and Consolidated Subsidiaries***

CONSOLIDATED BALANCE SHEET

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries

	2012	2013	2013
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
ASSETS			
Current assets:			
Cash and time deposits <i>(Notes 4 and 18)</i>	¥7,447	¥8,683	\$92,323
Trade notes and accounts receivable <i>(Notes 11 and 18)</i>	50,724	47,054	500,308
Inventories <i>(Note 5)</i>	18,984	19,248	204,657
Deferred tax assets <i>(Note 17)</i>	929	982	10,441
Other	3,333	3,343	35,545
Allowance for doubtful accounts	(242)	(243)	(2,583)
Total current assets	<u>81,175</u>	<u>79,067</u>	<u>840,691</u>
Property, plant and equipment:			
Buildings and structures <i>(Notes 7 and 15)</i>	41,736	38,327	407,517
Machinery, equipment and tools <i>(Notes 7 and 15)</i>	71,182	69,603	740,064
Land <i>(Notes 7, 12 and 15)</i>	24,482	24,010	255,290
Other	624	809	8,602
Accumulated depreciation	(91,700)	(90,972)	(967,273)
Total property, plant and equipment	<u>46,324</u>	<u>41,777</u>	<u>444,200</u>
Intangible assets			
Goodwill	163	0	0
Other <i>(Note 15)</i>	2,266	2,102	22,350
Total intangible assets	<u>2,429</u>	<u>2,102</u>	<u>22,350</u>
Investments and other assets:			
Investment securities <i>(Notes 6, 7 and 18)</i>	6,440	7,629	81,116
Deferred tax assets <i>(Note 17)</i>	11	10	106
Other <i>(Note 7)</i>	7,623	6,696	71,197
Allowance for doubtful accounts	(503)	(390)	(4,147)
Total investments and other assets	<u>13,571</u>	<u>13,945</u>	<u>148,272</u>
Total assets	<u>¥143,499</u>	<u>¥136,891</u>	<u>\$1,455,513</u>

See Accompanying Notes to Consolidated Financial Statements.

	2012	2013	2013
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt <i>(Notes 7 and 18)</i>	¥43,862	¥43,076	\$458,012
Trade notes and accounts payable <i>(Notes 11 and 18)</i>	24,352	23,631	251,260
Accrued income taxes	409	330	3,509
Reserve for construction loss	3	31	330
Reserve for business structure improvement expenses <i>(Note 16)</i>	-	1,188	12,632
Reserve for disaster loss	2	-	-
Other accounts payable	5,335	7,262	77,214
Other	5,247	3,528	37,511
Total current liabilities	<u>79,210</u>	<u>79,046</u>	<u>840,468</u>
Long-term liabilities:			
Long-term debt <i>(Notes 7 and 18)</i>	14,592	14,101	149,931
Accrued retirement benefits for employees <i>(Note 9)</i>	686	649	6,901
Accrued retirement benefits for directors and statutory auditors	96	113	1,201
Deferred tax liabilities <i>(Note 17)</i>	1,596	1,485	15,789
Deferred tax liabilities related to land revaluation <i>(Notes 12 and 17)</i>	4,739	4,739	50,388
Other	801	1,408	14,971
Total long-term liabilities	<u>22,510</u>	<u>22,495</u>	<u>239,181</u>
Total liabilities	<u>101,720</u>	<u>101,541</u>	<u>1,079,649</u>
Contingent liabilities <i>(Note 10)</i>			
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized - 700,000,000 shares			
Issued - 308,268,611 shares <i>(Note 13)</i>	24,222	24,222	257,544
Capital surplus <i>(Note 13)</i>	11,035	11,035	117,331
Retained earnings <i>(Note 13)</i>	604	(6,077)	(64,615)
Treasury stock <i>(Note 13)</i>	(13)	(13)	(138)
Total shareholders' equity	<u>35,848</u>	<u>29,167</u>	<u>310,122</u>
Accumulated other comprehensive income:			
Unrealized holding gains on other securities	557	780	8,293
Deferred gains on hedges	-	24	256
Variance of land revaluation <i>(Note 12)</i>	5,023	5,031	53,493
Foreign currency translation adjustments	(735)	55	585
Total accumulated other comprehensive income	<u>4,845</u>	<u>5,890</u>	<u>62,627</u>
Minority interests	<u>1,086</u>	<u>293</u>	<u>3,115</u>
Total net assets	<u>41,779</u>	<u>35,350</u>	<u>375,864</u>
Total liabilities and net assets	<u>¥143,499</u>	<u>¥136,891</u>	<u>\$1,455,513</u>

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF OPERATIONS

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries

	2012	2013	2013
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Net sales	¥171,781	¥169,798	\$1,805,401
Cost of sales (Notes 5 and 14)	152,519	151,295	1,608,666
Gross profit	19,262	18,503	196,735
Selling, general and administrative expenses (Note 14)	17,316	17,376	184,752
Operating income	1,946	1,127	11,983
Other income (expenses):			
Interest income	20	18	191
Dividend income	415	137	1,457
Foreign currency exchange income	-	44	468
Interest expense	(1,103)	(1,042)	(11,079)
Repair work expense	-	(689)	(7,326)
Equity in losses of affiliates	(63)	(184)	(1,956)
Foreign currency exchange loss	(220)	-	-
Gain on compensation for moving	-	100	1,063
Gain on contribution of securities to retirement benefit trust	1,557	-	-
Gain on negative goodwill	128	-	-
Gain on sales of fixed assets	61	33	351
Gain on sales of investment securities	19	2	21
Compensation expenses for products	(1,099)	-	-
Settlement	(510)	-	-
Loss on impairment of fixed assets (Note 15)	(89)	(4,348)	(46,231)
Business structure improvement expenses (Note 16)	-	(1,578)	(16,778)
Other, net	(390)	(443)	(4,711)
	(1,274)	(7,950)	(84,530)
Income (loss) before income taxes and minority interests	672	(6,823)	(72,547)
Income taxes (Note 17)			
Current	436	413	4,391
Deferred	376	(278)	(2,956)
	812	135	1,435
Loss before minority interests	(140)	(6,958)	(73,982)
Minority interests	302	593	6,305
Net income (loss)	¥162	¥(6,365)	\$(67,677)

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries

	2012	2013	2013
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Loss before minority interests	(140)	(6,958)	(73,982)
Other comprehensive income (Note 21)			
Unrealized holding gains (losses) on other securities	(686)	223	2,371
Deferred gains on hedges	0	24	255
Variance of land revaluation	671	-	-
Foreign currency translation adjustments	(55)	536	5,699
Share of other comprehensive income of affiliates in equity method	8	308	3,275
Total other comprehensive income	<u>(62)</u>	<u>1,091</u>	<u>11,600</u>
Comprehensive income	<u>(202)</u>	<u>(5,867)</u>	<u>(62,382)</u>
Comprehensive income attributable to			
Owners of the Company	105	(5,327)	(56,640)
Minority interests	(307)	(540)	(5,742)

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	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		
Balance at April 1, 2011	¥21,222	¥8,035	¥442	¥(13)	¥29,686	¥1,243	¥(0)	¥4,352	¥(693)	¥4,902	¥930	¥35,518
Issue of new shares	3,000	3,000			6,000							6,000
Net income for the year			162		162							162
Purchase of treasury stock				(0)	(0)							(0)
Changes other than shareholder's equity						(686)	0	671	(42)	(57)	156	99
Balance at March 31, 2012	¥24,222	¥11,035	¥604	¥(13)	¥35,848	¥557	¥-	¥5,023	¥(735)	¥4,845	¥1,086	¥41,779

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Minority interests	Total net assets
	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		
Balance at April 1, 2012	¥24,222	¥11,035	¥604	¥(13)	¥35,848	¥557	¥-	¥5,023	¥(735)	¥4,845	¥1,086	¥41,779
Cash dividends paid			(308)		(308)							(308)
Net loss for the year			(6,365)		(6,365)							(6,365)
Reversal of revaluation reserve for land			(8)		(8)							(8)
Purchase of treasury stock				(0)	(0)							(0)
Changes other than shareholder's equity						223	24	8	790	1,045	(793)	252
Balance at March 31, 2013	¥24,222	¥11,035	¥(6,077)	¥(13)	¥29,167	¥780	¥24	¥5,031	¥55	¥5,890	¥293	¥35,350

(Thousands of U.S. dollars) (Note 3)

	Shareholders' equity					Accumulated other comprehensive income					Minority interests	Total net assets
	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		
Balance at April 1, 2012	\$257,544	\$117,331	\$6,422	\$(138)	\$381,159	\$5,922	\$-	\$53,408	\$(7,815)	\$51,515	\$11,547	\$444,221
Cash dividends paid			(3,275)		(3,275)							(3,275)
Net loss for the year			(67,677)		(67,677)							(67,677)
Reversal of revaluation reserve for land			(85)		(85)							(85)
Purchase of treasury stock				(0)	(0)							(0)
Changes other than shareholder's equity						2,371	256	85	8,400	11,112	(8,432)	2,680
Balance at March 31, 2013	\$257,544	\$117,331	\$(64,615)	\$(138)	\$310,122	\$8,293	\$256	\$53,493	\$585	\$62,627	\$3,115	\$375,864

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries

	2012	2013	2013
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥672	¥(6,823)	\$(72,547)
Depreciation and amortization	3,279	3,170	33,705
Loss on impairment of fixed assets	89	4,348	46,231
Gain on sales of investment securities	(19)	(2)	(21)
Gain on sales of property, plant and equipment	(74)	(33)	(351)
Loss on disposal of property, plant and equipment	49	49	521
Loss on devaluation in investment securities	4	40	426
Increase (decrease) in allowance for doubtful accounts	(19)	(113)	(1,201)
Increase (decrease) in reserve for construction loss	(16)	28	298
Increase (decrease) in accrued retirement benefits for employees	(23)	(37)	(393)
Interest and dividend income	(435)	(155)	(1,648)
Interest expenses	1,103	1,042	11,079
Gain on contribution of securities to retirement benefit trust	(1,557)	-	-
Compensation expenses for products	1,099	-	-
Settlement	510	-	-
Increase (decrease) in reserve for disaster loss	(95)	(2)	(21)
(Increase) decrease in trade notes and accounts receivable	(3,875)	3,581	38,075
(Increase) decrease in inventories	(95)	(1,139)	(12,111)
Increase (decrease) in trade notes and accounts payable	498	(540)	(5,742)
(Increase) decrease in other current assets	(372)	(115)	(1,223)
Increase (decrease) in other current liabilities	1,045	37	393
Repair work expense	-	689	7,326
Loss on sales of investments in subsidiaries and affiliates	-	33	351
Business structure improvement expenses	-	1,578	16,778
Other	(53)	899	9,559
Sub-total	<u>1,715</u>	<u>6,535</u>	<u>69,484</u>
Interest and dividends received	176	157	1,669
Interest paid	(1,151)	(1,044)	(11,100)
Settlement paid	(271)	(217)	(2,307)
Income taxes paid	(357)	(46)	(489)
Net cash provided by operating activities	<u>112</u>	<u>5,385</u>	<u>57,257</u>
Cash flows from investing activities:			
Purchases of investment securities	(8)	(8)	(85)
Proceeds from sales of investment securities	30	4	43
Purchases of property, plant and equipment	(2,284)	(3,254)	(34,599)
Proceeds from sales of property, plant and equipment	177	448	4,763
Expenditures for acquisition of investments in an affiliate	(1,411)	(308)	(3,275)
Proceeds from sales of investments in subsidiaries capital in change in scope of consolidation	-	35	372
Proceeds for acquisition of shares of new consolidated subsidiaries	-	7	75
Proceeds from sales of investments	0	0	0
(Increase) decrease in short-term loans receivable	(85)	(294)	(3,126)
Other	(719)	(544)	(5,784)
Net cash used in investing activities	<u>(4,300)</u>	<u>(3,914)</u>	<u>(41,616)</u>

	2012	2013	2013
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Cash flows from financing activities:			
Increase (decrease) in short-term bank borrowings	(5,762)	(1,401)	(14,896)
Proceeds from long-term debt	8,600	7,610	80,914
Repayment of long-term debt	(8,733)	(7,239)	(76,970)
Repayment of corporate bonds	(20)	(70)	(744)
Proceeds from new shares issued to a third party	6,000	-	-
Proceeds from payment by minority shareholders	596	7	74
Cash dividends paid	-	(308)	(3,275)
Dividends payment	(5)	(6)	(64)
Other	(119)	688	7,316
Net cash provided by (used in) financing activities	557	(719)	(7,645)
Effect of exchange rate changes on cash and cash equivalents	(37)	266	2,828
Net increase (decrease) in cash and cash equivalents	(3,668)	1,018	10,824
Cash and cash equivalents at beginning of year	10,874	7,206	76,619
Cash and cash equivalents at end of year (Note 4)	¥7,206	¥8,224	\$87,443

See Accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries

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, 2013 is 24 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	85.1	500
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	100
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
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 8 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
HangZhou FuTong Showa Copper Co., Ltd	50.0	CNY¥100
HangZhou FuTong-Showa Electric Wire Cable Material R&D Co., Ltd	50.0	CNY¥10
FuTong-Showa Electric Wire & Cable (HangZhou) Co., Ltd	50.0	CNY¥100
FuTong-Showa Electric Wire & Cable (TianJin) Co., Ltd	50.0	CNY¥100
HangZhou FuTong Showa Wire & Devices Co., Ltd.	50.0	US\$12.2

In the year March 31, 2013, HangZhou FuTong Showa Interconnect Products Co., Ltd., controlled indirectly by the company, included in the consolidated subsidiaries.

Effective the year ended March 31, 2013, HangZhou FuTong Showa Wire & Devices Co., Ltd. has been excluded it from scope of consolidation and changed in the equity method affiliated companies due to ownership ratio decreased by transfer of part of the members share.

(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 is calculated by the straight-line 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 residual 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, the fair value of securities to retirement benefit trust and plan assets. Prior service costs are amortized as incurred by the straight-line method over a period that is within the average remaining service period of employees. 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 a period that is within 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 business structure improvement loss

Reserve for business structure improvement loss is provided based on an estimate of business structure improvement expenses.

(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. 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 ¥94.05 = US\$1.00 prevailing on March 31, 2013. 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.

4. Cash and Time Deposits

Information regarding cash and time deposits at March 31, 2012 and 2013 was as follows:

	2012	2013	2013
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Cash and time deposits due within 3 months	¥7,206	¥8,224	\$87,443
Time deposits due over 3 months	241	459	4,880
Total	¥7,447	¥8,683	\$92,323

5. Inventories

The breakdown of Inventories at March 31, 2012 and 2013 was as follows:

	2012	2013	2013
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Merchandise and finished goods	¥7,540	¥8,271	\$87,943
Work in process	6,670	6,486	68,963
Raw materials and supplies	4,774	4,491	47,751
	¥18,984	¥19,248	\$204,657

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, 2012 and 2013 in the amounts of ¥76 million and ¥86 million (US\$914 thousand), respectively.

6. Investment Securities

(a) Information regarding marketable other securities at March 31, 2012 and 2013 was as follows:

	2012			2013			2013		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
	<i>(Millions of yen)</i>						<i>(Thousands of U.S. dollars)</i>		
Securities whose carrying value exceeds their acquisition cost:									
Stocks	¥1,133	¥2,294	¥1,161	¥1,678	¥3,132	¥1,454	\$17,842	\$33,302	\$15,460
Securities whose acquisition cost exceeds their carrying value:									
Stocks	1,592	1,278	(314)	1,020	737	(283)	10,845	7,836	(3,009)
Total	¥2,725	¥3,572	¥847	¥2,698	¥3,869	¥1,171	\$28,687	\$41,138	\$12,451

(b) There were no sales of other securities for the year ended March 31, 2012. For the year ended March 31, 2013, since sales of securities classified as other securities were not important, the information was omitted.

7. 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, 2013 were 1.53% and 2.15%, respectively.

Short-term borrowings and long-term borrowings at March 31, 2012 and 2013 consisted of the following:

	2012	2013	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Short-term borrowings			
Unsecured	17,422	15,828	168,293
Secured	19,638	19,570	208,081
	<u>¥37,060</u>	<u>¥35,398</u>	<u>\$376,374</u>
Long-term borrowings			
Unsecured	9,040	8,788	93,440
Secured	11,888	12,510	133,014
	<u>¥20,928</u>	<u>¥21,298</u>	<u>\$226,454</u>

Long-term debt at March 31, 2012 and 2013 consisted of the following:

	2012	2013	2013
	(Millions of yen)		(Thousands of U.S. dollars)
0.54% yen unsecured straight bonds due 2012	70	-	-
Loans principally from banks and insurance companies due serially to 2018 and predominantly collateralized, with a weighted average interest of 2.1%	20,928	21,298	226,454
Finance lease obligations due 2022	396	481	5,115
Less: portion due within one year	(6,802)	(7,678)	(81,638)
	<u>¥14,592</u>	<u>¥14,101</u>	<u>\$149,931</u>

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

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2015	¥5,924	\$62,988
2016	4,546	48,336
2017	2,780	29,559
2018 and thereafter	851	9,048
	<u>¥14,101</u>	<u>\$149,931</u>

At March 31, 2012 and 2013, the following assets were pledged as collateral for certain of the above debts:

	2012	2013	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Investment securities	¥1,791	¥2,015	\$21,425
Property, plant and equipment, at net book value:			
Buildings and structures	8,492	5,273	56,066
Machinery, equipment and tools	546	273	2,903
Land	17,883	17,883	190,144
Other	11	9	95
	<u>¥28,723</u>	<u>¥25,453</u>	<u>\$270,633</u>

8. 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, 2012 and 2013, 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:

	2012	2013	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Acquisition costs	¥2,095	¥831	\$8,836
Accumulated depreciation	1,642	643	6,837
Net book value	<u>¥453</u>	<u>¥188</u>	<u>\$1,999</u>

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, 2012 and 2013, 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:

	2012	2013	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Within one year	¥265	¥75	\$797
Over one year	188	113	1,202
Total	<u>¥453</u>	<u>¥188</u>	<u>\$1,999</u>

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, 2012 and 2013, were ¥425 million and ¥265 million (US\$2,818 thousand), 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, 2012 and 2013 are summarized as follows:

	2012	2013	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Within one year	¥154	¥106	\$1,127
Over one year	266	160	1,701
Total	<u>¥420</u>	<u>¥266</u>	<u>\$2,828</u>

9. 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. The company and certain consolidated subsidiaries also have securities contributed to retirement benefit trust. Certain consolidated overseas subsidiaries have defined benefit plans.

(a) Retirement benefit obligation:

	2012	2013	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Retirement benefits obligation	¥ (12,541)	¥ (12,953)	\$ (137,725)
Plan assets at fair value	<u>11,853</u>	<u>12,800</u>	<u>136,098</u>
Unfunded retirement benefit obligation	(688)	(153)	(1,627)
Prepaid pension cost	(5,328)	(5,075)	(53,961)
Unrecognized prior service cost	4	2	21
Unrecognized actuarial loss	5,326	4,577	48,666
Retirement benefit obligation for employees	<u>¥ (686)</u>	<u>¥ (649)</u>	<u>\$ (6,901)</u>

Note: Securities contributed to retirement benefit trust are included in "Plan assets at fair value."

(b) The components of retirement benefit expenses:

	2012	2013	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost	¥778	¥762	\$8,102
Interest cost	210	164	1,744
Expected return on plan assets for the year	(302)	(382)	(4,062)
Amortization of prior service cost	2	2	21
Amortization of actuarial loss	653	725	7,709
Total	¥1,341	¥1,271	\$13,514

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."

(c) The actuarial assumptions used in the above computations for the years ended March 31, 2012:

- Methods of attributing the projected benefit obligations to periods of service: straight-line basis
- Discount rate: 1.5%
- Expected rate of return on plan assets: 3.5%
- The actuarial gain or loss and prior service cost are amortized by the straight-line method over 13 years, which are within the estimated average remaining years of service of the eligible employees.

The actuarial assumptions used in the above computations for the years ended March 31, 2013:

- Methods of attributing the projected benefit obligations to periods of service: straight-line basis
- Discount rate: 1.0%
- Expected rate of return on plan assets: 3.5%
- The actuarial gain or loss and prior service cost are amortized by the straight-line method over 13 years, which are within the estimated average remaining years of service of the eligible employees.

10. Contingent Liabilities

At March 31, 2012 and 2013, the Companies were contingently liable for the following items:

	2012	2013	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Discounted and endorsed trade notes receivable	¥1,072	¥1,339	\$14,237
Guarantees of indebtedness of employees	20	11	117
	¥1,092	¥1,350	\$14,354

11. Notes Receivable and Payable

Although March 31, 2012 and 2013 was a bank holiday, the Company accounted for the notes whose maturity date was March 31, 2012 and 2013 as if they had been collected on the day.

The amounts of these notes receivable and payable are shown as follows:

	2012	2013	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Notes receivable	¥528	¥430	\$4,572
Notes payable	1,622	2,137	22,722
	¥2,150	¥2,567	\$27,294

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, 2012 and 2013 was lower than its carrying amount by ¥8,811 million and ¥8,855 million (US\$94,152 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, 2012 and 2013 were as follows:

(a) Shares issued and treasury stock

For the year ended March 31, 2012

Types of shares	Number of shares at April 1, 2011	Increase	Decrease	Number of shares at March 31, 2012
<i>Thousands of shares</i>				
Share issued:				
Common stock	251,127	57,142	-	308,269
Treasury stock:				
Common stock	98	4	-	102

Note: Increase of 57,142 thousand shares is due to issue of new shares attributable to a third-party.

Increase of 4 thousand shares in treasury stock is due to purchases of shares less than standard unit.

For the year ended March 31, 2013

Types of shares	Number of shares at April 1, 2012	Increase	Decrease	Number of shares at March 31, 2013
<i>Thousands of shares</i>				
Share issued:				
Common stock	308,269	-	-	308,269
Treasury stock:				
Common stock	102	5	-	107

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

(b) Dividends

There were no dividends paid for the years ended March 31, 2012.

Dividends paid to shareholders for the years ended March 31, 2013.

Resolution	Type of shares	Total dividends (millions of yen)	Origin of dividends	Dividends per share (yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 27, 2012	Common stock	308	Retained earnings	1.00	March 31, 2012	June 28, 2012

14. Selling, General and Administrative Expenses

The breakdown of “Selling, General and Administrative Expenses” for the years ended March 31, 2012 and 2013 was as follows:

	2012	2013	2013
		<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Shipping charges	¥1,204	¥1,361	\$14,471
Other selling expenses	1,068	873	9,282
Salaries and other allowances for employees	6,555	6,446	68,538
Retirement benefits expenses for employees	830	765	8,134
Retirement benefits expenses for directors and statutory auditors	31	25	266
Allowance for doubtful accounts	132	34	362
Depreciation and amortization cost	683	831	8,836

Other	6,813	7,041	74,863
	<u>¥17,316</u>	<u>¥17,376</u>	<u>\$184,752</u>

Research and development expensed included in “Selling, general and administrative expenses” and manufacture costs for the year ended March 31, 2012 and 2013 amounted to ¥1,019 million and ¥229 million, ¥995 million (US\$10,579 thousand) and ¥252 million (US\$2,679 thousand), respectively.

15. Impairment of Fixed Assets

For the years ended March 31, 2012 and 2013, the Companies recognized loss on impairment of fixed assets of ¥89 million and ¥4,348 million (US\$46,231 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, 2012, as for idle assets and lease assets located in Miyagi and Oita, 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 ¥35 million and ¥44 million, respectively. As for facilities related to roller manufacture located in Fukushima, their profitability had remarkably declined due to business reform and the book value of the assets was reduced to recoverable amount. The amount written down was ¥10 million.

The recoverable amounts are their net selling prices based on estimated selling prices and the published land price. Roller facilities and leased assets are revalued based on value in use, and the future cash flow is calculated with the discounted rate of 2.76%.

For the year ended March 31, 2013, as for facilities related to power cable manufacture located in Aichi, their profitability had remarkably declined due to sluggish domestic demand and the book value of the assets was reduced to recoverable amount. The amount written down was ¥3,342 million (US\$35,534 thousand). As for facilities related to magnet wire manufacture located in Tianjin, China, their profitability had remarkably declined due to the changes in market environment and the book value of the assets was reduced to recoverable amount. The amount written down was ¥561 million (US\$5,965 thousand). As for facilities related to communications cable manufacture located in Miyagi, it has been scheduled to dissolve consolidated subsidiary of Miyazaki Electric Wire & Cable Co., Ltd. and the book value of the assets was reduced to recoverable amount. The amount written down was ¥361million (US\$3,839 thousand). As for facilities related to roller manufacture and lease assets located in Fukushima and Tokyo, 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 ¥63 million (US\$670 thousand) and ¥21million (US\$223 thousand), respectively.

The recoverable amounts are their net selling prices based on estimated selling prices and the published land price as for Roller facilities and leased assets. Other facilities are revalued based on value in use, and the future cash flow is calculated with the discounted rate of 2.66%.

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:

	2012	2013	2013
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Buildings and structures	¥20	¥3,239	\$34,439
Machinery, equipment and Vehicles	4	685	7,283
Tools, furniture and fixtures	1	281	2,988
Land	64	66	702
Other	<u>0</u>	<u>77</u>	<u>819</u>
	¥89	¥4,348	\$46,231

16. Business structure improvement expenses

Details of business structure improvement expenses

	2012	2013	2013
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Severance payments for early retirement	¥-	¥326	\$3,466
Loss on dissolve subsidiary relating to withdrawal from certain business	-	1,170	12,440
Other	-	82	872
Total	<u>¥-</u>	<u>¥1,578</u>	<u>\$16,778</u>

The amount of business structure improvement expenses includes ¥1,188 million (US\$12,632thousand)

transferred to the provision for business structure improvement expenses.

17. Income Taxes

Significant components of deferred taxes at March 31, 2012 and 2013 were as follows:

	2012	2013	2013
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Deferred tax assets:			
Loss carry-forwards	¥6,488	¥8,787	\$93,429
Unrealized gain on real estates	621	624	6,635
Accrued bonuses	587	537	5,710
Other accounts payable	316	387	4,115
Reserve for business structure improvement loss	-	440	4,678
Depreciation	179	1,409	14,981
Other	2,004	1,939	20,617
Subtotal deferred tax assets	10,195	14,123	150,165
Valuation allowance	(8,735)	(12,536)	(133,291)
Total deferred tax assets	1,460	1,587	16,874
Deferred tax liabilities:			
Prepaid pension cost	(1,128)	(1,010)	(10,739)
Securities contributed to retirement benefit trust	(403)	(403)	(4,285)
Unrealized holding gains on securities	(290)	(391)	(4,157)
Other	(296)	(276)	(2,935)
Total deferred tax liabilities	(2,117)	(2,080)	(22,116)
Net deferred tax assets (liabilities):	¥(657)	¥(493)	\$(5,242)
Deferred tax assets related to land revaluation:	1,361	1,359	14,450
Valuation allowance	(1,361)	(1,359)	(14,450)
Total deferred tax assets related to land revaluation	-	-	-
Deferred tax liabilities related to land revaluation:	(4,739)	(4,739)	(50,388)
Total deferred tax assets (liabilities) related to land revaluation	(4,739)	(4,739)	(50,388)
Net deferred tax liabilities related to land revaluation:	¥(4,739)	¥(4,739)	\$(50,388)

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, 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' necessities 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, 2012 and 2013 is shown as follows:

	2012	2013	2013
	Carrying amounts		
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
Other securities			
Stocks and investments in unlisted companies	¥2,868	¥3,760	\$39,978
	¥2,868	¥3,760	\$39,978

The carrying amounts and fair values of the financial instruments on the consolidated balance sheet as of March 31, 2012 and 2013 are summarized as follows:

	2012			2013			2013		
	Carrying amounts	Fair Values	Differences	Carrying amounts	Fair Values	Differences	Carrying amounts	Fair Values	Differences
	<i>(Millions of yen)</i>			<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
(1) Cash and time deposits	¥7,447	¥ 7,447	¥ -	¥8,683	¥8,683	¥ -	\$92,323	\$92,323	\$-
(2) Trade notes and accounts receivable	50,724	-	-	47,054	-	-	500,308	-	-
Allowance for doubtful accounts	(196)	-	-	(197)	-	-	(2,094)	-	-
	50,528	50,505	(23)	46,857	46,849	(8)	498,214	498,129	(85)
(3) Investment securities and other securities	3,572	3,572	-	3,869	3,869	-	41,138	41,138	-
(4) Trade notes and accounts payable	(24,352)	(24,325)	(27)	(23,631)	(23,612)	(19)	(251,260)	(251,058)	(202)
(5) Short-term borrowings	(37,060)	(37,060)	-	(35,398)	(35,398)	-	(376,374)	(376,374)	-
(6) Corporate bonds	(70)	(70)	(0)	-	-	-	-	-	-
(7) Long-term borrowings	(20,928)	(21,031)	103	(21,298)	(21,374)	76	(226,454)	(227,262)	808
(8) Derivative transactions									
(i) Hedge accounting not applicable	(251)	(251)	-	(94)	(94)	-	(999)	(999)	-
(ii) Hedge accounting applicable	-	-	-	38	38	-	404	404	-

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 borrowings

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

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

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

Redemption schedules for cash and trade receivables after March 31, 2012 and 2013 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)		
2012						
Cash and time deposits	¥7,447	¥-	¥-			
Trade notes and accounts receivable	46,269	4,455	-			
Total of the amounts	¥53,716	¥4,455	¥-			
2013						
Cash and time deposits	¥8,683	¥-	¥-	\$92,323	\$-	\$-
Trade notes and accounts receivable	43,196	3,858	-	459,288	41,020	-
Total of the amounts	¥51,879	¥3,858	¥-	\$551,611	\$41,020	\$-

Redemption schedules for trade payables, corporate bonds and long-term borrowings after March 31, 2012 and 2013 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)		
2012						
Trade notes and accounts payable	¥23,882	¥470	¥-			
Corporate bonds	70	-	-			
Long-term borrowings	6,595	14,333	-			
Lease obligations	138	254	5			
Total of the amounts	¥30,685	¥15,057	5			
2013						
Trade notes and accounts payable	¥23,174	¥457	¥-	\$246,401	\$4,859	\$-
Corporate bonds	-	-	-	-	-	-
Long-term borrowings	7,525	13,773	-	80,011	146,443	-
Lease obligations	154	305	22	1,637	3,243	235
Total of the amounts	¥30,853	¥14,535	¥22	\$328,049	\$154,545	\$235

19. Derivatives

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

(a) Currency-related Transactions

	2012			2013			2013		
	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value	Recognized gain (loss)
	<i>(Millions of yen)</i>			<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Forward foreign exchange contracts									
(Sell-USD)	¥5,308	¥ (209)	¥ (209)	¥1,893	¥(79)	¥(79)	\$20,128	\$ (840)	\$(840)
(Sell-QAR)	351	(19)	(19)	148	(7)	(7)	1,574	(74)	(74)
(Sell-KWD)	9	(1)	(1)	4	(1)	(1)	43	(11)	(11)
(Sell-SGD)	-	-	-	187	(5)	(5)	1,988	(53)	(53)
Forward foreign exchange contracts									
(Buy-USD)	¥3,957	¥(24)	¥(24)	¥943	¥(3)	¥(3)	\$10,027	\$(32)	\$(32)

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

	2012			2013			2013		
	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
	<i>(Millions of yen)</i>			<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Forward foreign exchange contracts under principle (Buy)									
EUR	¥-	¥-	¥-	¥178	¥-	¥38	\$1,893	\$-	\$404

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

(b) Interest-related Transactions

	2012			2013			2013		
	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
	<i>(Millions of yen)</i>			<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Interest rate swaps									
Pay/fixed and Receive/floating									
Long-term debt	¥7,903	¥5,093	¥-	¥9,158	¥6,150	¥-	\$97,374	\$65,391	\$-

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, 2012 and 2013 were as follows:

	2012	2013	2013
		<i>(Yen)</i>	<i>(U.S. dollars)</i>
Net income (loss) per share	¥ 0.57	¥ (20.66)	\$ (219.670)
Net assets per share	¥132.05	¥ 113.76	\$1.210

Net income 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:

	2012	2013	2013
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Net income (loss)	¥162	¥(6,365)	\$(67,677)
Net income (loss) attributable to shares of common stock	¥162	¥(6,365)	\$(67,677)
	<i>(Thousands of shares)</i>		
Weighted average number of shares for basic net income	283,189	308,164	

21. Other Comprehensive Income

Reclassification adjustments and tax benefit included in other comprehensive income are shown as follows:

	2012	2013	2013
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Net unrealized holding gains (losses) on other securities			
Increase during the year	¥373	¥287	\$3,052
Reclassification adjustments	<u>(1,553)</u>	<u>38</u>	<u>404</u>
Subtotal before tax	(1,180)	325	3,456
Tax effect	<u>494</u>	<u>(102)</u>	<u>(1,085)</u>
Net unrealized holding losses on other securities	(686)	223	2,371
Deferred gains (losses) on hedges			
Increase during the year	<u>0</u>	<u>38</u>	<u>404</u>
Subtotal before tax	0	38	404
Tax effect	<u>-</u>	<u>(14)</u>	<u>(149)</u>
Net deferred gains on hedges	0	24	255
Variance of land revaluation			
Tax effect	<u>671</u>	<u>-</u>	<u>-</u>
Foreign currency translation adjustments			
Increase (decrease) during the year	(55)	540	5,742
Reclassification adjustments	<u>-</u>	<u>(4)</u>	<u>(43)</u>
Net foreign currency translation adjustments	(55)	536	5,699
Share of other comprehensive income of affiliates in equity method			
Increase during the year	<u>8</u>	<u>308</u>	<u>3,275</u>
Total other comprehensive income	<u>(62)</u>	<u>1,091</u>	<u>11,600</u>

22. Segment Information

Business Segments

The businesses of the Companies 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, bus, insulated wires
- (2) Power System operations:
Electric power cables, electric power appliance, power cable constructions
- (3) Magnet Wire operations:
Magnet wires
- (4) Communication System operations:
Optical fiber cables, communication cables, communication cable construction, network solution system
- (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, 2012 is summarized as follows:

2012	Reportable Business Segments					Others	Total	Adjustments	Consolidated
Segment Information	Electric Wire	Power System	Magnet Wire	Communication System	Device				
<i>(Millions of yen)</i>									
Net sales									
Outside customers	¥64,508	¥42,287	¥22,186	¥22,269	¥18,005	¥2,526	¥171,781	-	¥171,781
Inter segment	19,663	1,027	1,078	2,176	372	9,683	33,999	(33,999)	-
Total	¥84,171	¥43,314	¥23,264	¥24,445	¥18,377	¥12,209	¥205,780	¥(33,999)	¥171,781
Segment income or loss	¥2,425	¥(446)	¥270	¥(176)	¥741	¥(704)	¥2,110	¥(164)	¥1,946
Segment assets	¥40,181	¥45,760	¥14,701	¥19,603	¥13,664	¥10,014	¥143,923	¥(424)	¥143,499
Depreciation	536	1,069	363	513	361	509	3,351	(72)	3,279
Investments in equity method affiliates	1,526	538	-	-	70	62	2,196	-	2,196
Increase in fix assets	367	398	313	332	853	782	3,045	(162)	2,883

Notes:

- (1) Segment income or loss included in Adjustments of ¥164 million, mainly consisted of unrealized profits of ¥58 million and amortization of goodwill of ¥88 million.
- (2) Segment assets included in Adjustments amounted to ¥424 million, mainly consisted of the common assets not allocated to any segment of ¥11,549 million, elimination of inter-segment transactions of ¥9,898 million and unrealized gain of ¥2,076 million. The common assets not allocated to any segment mainly consisted of cash, time deposits and investment securities.
- (3) Depreciation in Adjustments corresponds to unrealized gain.
- (4) Increase in fixed assets in Adjustments corresponds to unrealized gain.
- (5) Segment income or loss corresponds to consolidated operating income.

The business segment information for the Companies for the year ended March 31, 2013 is summarized as follows:

2013	Reportable Business Segments					Others	Total	Adjustments	Consolidated
Segment Information	Electric Wire	Power System	Magnet Wire	Communication System	Device				
<i>(Millions of yen)</i>									
Net sales									
Outside customers	¥66,787	¥41,364	¥19,859	¥20,217	¥19,551	¥2,020	¥169,798	-	¥169,798
Inter segment	18,377	1,164	670	2,055	752	10,304	33,322	(33,322)	-
Total	¥85,164	¥42,528	¥20,529	¥22,272	¥20,303	¥12,324	¥203,120	¥(33,322)	¥169,798
Segment income or loss	¥2,377	¥(1,408)	¥(157)	¥(218)	¥1,065	¥(447)	¥1,212	¥(85)	¥1,127
Segment assets	¥41,236	¥39,688	¥12,637	¥18,465	¥14,412	¥10,221	¥136,659	¥232	¥136,891
Depreciation	510	836	354	489	427	663	3,279	(109)	3,170
Investments in equity method affiliates	2,352	651	-	-	55	71	3,129	-	3,129
Increase in fix assets	701	393	329	637	580	1,283	3,923	(111)	3,812

2013	Reportable Business Segments					Others	Total	Adjustments	Consolidated
Segment Information	Electric Wire	Power System	Magnet Wire	Communication System	Device				
<i>(Thousands of U.S. dollars)</i>									
Net sales									
Outside customers	\$710,122	\$439,809	\$211,154	\$214,960	\$207,879	\$21,477	\$1,805,401	-	\$1,805,401
Inter segment	195,396	12,376	7,124	21,850	7,996	109,559	354,301	(354,301)	-
Total	\$905,518	\$452,185	\$218,278	\$236,810	\$215,875	\$131,036	\$2,159,702	\$(354,301)	\$1,805,401
Segment income or loss	\$25,274	\$(14,971)	\$(1,669)	\$(2,318)	\$11,324	\$(4,753)	\$12,887	\$(904)	\$11,983
Segment assets	\$438,448	\$421,988	\$134,365	\$196,332	\$153,237	\$108,676	\$1,453,046	\$2,467	\$1,455,513
Depreciation	5,423	8,889	3,764	5,199	4,540	7,049	34,864	(1,159)	33,705
Investments in equity method affiliates	25,008	6,922	-	-	585	755	33,270	-	33,270
Increase in fix assets	7,453	4,179	3,498	6,773	6,167	13,642	41,712	(1,180)	40,532

Notes:

- (1) Segment income or loss included in Adjustments of ¥85 million (US\$904 thousand), mainly consisted of amortization of goodwill of ¥67 million (US\$712 thousand).
- (2) Segment assets included in Adjustments amounted to ¥232 million (US\$2,467 thousand), mainly consisted of the common assets not allocated to any segment of ¥12,537 million (US\$133,302 thousand), elimination of inter-segment transactions of ¥9,956 million (US\$105,859 thousand) and unrealized gain of ¥2,349 million (US\$24,976 thousand). The common assets not allocated to any segment mainly consisted of cash, time deposits and investment securities.
- (3) Depreciation in Adjustments corresponds to unrealized gain.
- (4) Increase in fixed assets in Adjustments corresponds to unrealized gain.
- (5) Segment income or loss corresponds to consolidated operating income.

Geographical Segments

Geographical segment sales for the years ended March 31, 2012 and 2013 are summarized as follows:

Year ended March 31, 2012	Japan	Asia	Other	Total
<i>(Millions of yen)</i>				
Sales	¥152,557	¥18,984	¥240	¥171,781
<hr/>				
Year ended March 31, 2013	Japan	Asia	Other	Total
<i>(Millions of yen)</i>				
Sales	¥149,114	¥20,401	¥283	¥169,798
<hr/>				
Year ended March 31, 2013	Japan	Asia	Other	Total
<i>(Thousands of U.S. dollars)</i>				
Sales	\$1,585,476	\$216,916	\$3,009	\$1,805,401

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

Major Customer Information

For the year ended March 31, 2012, since there was no particular customer, sales to which exceeds 10% of sales stated on the consolidated statement of operations, the information was omitted.

2013		
Major customer	Sales (Millions of yen)	Segments
SENSHU ELECTRIC CO.,LTD.	¥21,940	Electric Wire and Communication System

2013		
Major customer	Sales (Thousands of U.S. dollars)	Segments
SENSHU ELECTRIC CO.,LTD.	\$233,280	Electric Wire and Communication System

Segment information on impairment losses on fixed assets for the years ended March 31, 2012 and 2013 are summarized as follows:

Year ended March 31, 2012	Reportable Business Segments					Others	Eliminations	Total
	Electric Wire	Power System	Magnet Wire	Communication System	Device			
<i>(Millions of yen)</i>								
Impairment losses of fixed assets	24	-	-	-	10	55	-	89

Year ended March 31, 2013	Reportable Business Segments					Others	Eliminations	Total
	Electric Wire	Power System	Magnet Wire	Communication System	Device			
<i>(Millions of yen)</i>								
Impairment losses of fixed assets	-	3,342	561	361	63	21	-	4,348

Year ended March 31, 2013	Reportable Business Segments					Others	Eliminations	Total
	Electric Wire	Power System	Magnet Wire	Communication System	Device			
<i>(Thousands of U.S. dollars)</i>								
Impairment losses of fixed assets	-	35,534	5,965	3,839	670	223	-	46,231

Note: 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.