

***Consolidated Financial Statements
for the year ended March 31, 2015***

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

CONSOLIDATED BALANCE SHEET

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries

| | 2014 | 2015 | 2015 |
|--|--------------------------|-----------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| | | | <i>(Note 4)</i> |
| ASSETS | | | |
| Current assets: | | | |
| Cash and time deposits <i>(Notes 5 and 17)</i> | ¥7,785 | ¥8,097 | \$67,380 |
| Trade notes and accounts receivable <i>(Note 17)</i> | 48,618 | 45,526 | 378,847 |
| Inventories <i>(Note 6)</i> | 21,473 | 21,986 | 182,957 |
| Deferred tax assets <i>(Note 16)</i> | 776 | 542 | 4,510 |
| Other | 5,199 | 4,040 | 33,619 |
| Allowance for doubtful accounts | (160) | (63) | (524) |
| Total current assets | 83,691 | 80,128 | 666,789 |
| Property, plant and equipment: | | | |
| Buildings and structures <i>(Notes 8 and 15)</i> | 38,709 | 39,486 | 328,585 |
| Machinery, equipment and tools <i>(Notes 8 and 15)</i> | 71,165 | 72,455 | 602,938 |
| Land <i>(Notes 8, 12 and 15)</i> | 24,001 | 23,993 | 199,659 |
| Other | 1,950 | 1,937 | 16,119 |
| Accumulated depreciation | (92,289) | (92,968) | (773,637) |
| Total property, plant and equipment | 43,536 | 44,903 | 373,664 |
| Intangible assets | | | |
| Other | 2,055 | 1,973 | 16,418 |
| Total intangible assets | 2,055 | 1,973 | 16,418 |
| Investments and other assets: | | | |
| Investment securities <i>(Notes 7, 8 and 17)</i> | 8,425 | 7,360 | 61,247 |
| Other <i>(Note 8)</i> | 1,490 | 1,470 | 12,232 |
| Net defined benefit asset <i>(Note 10)</i> | 1,512 | 2,416 | 20,104 |
| Allowance for doubtful accounts | (337) | (227) | (1,889) |
| Total investments and other assets | 11,090 | 11,019 | 91,694 |
| Total assets | ¥140,372 | ¥138,023 | \$1,148,565 |

See Accompanying Notes to Consolidated Financial Statements.

| | 2014 | 2015 | 2015 |
|--|--------------------------|-----------------|---|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> <i>(Note 4)</i> |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Short-term debt <i>(Notes 8 and 17)</i> | ¥44,828 | ¥40,378 | \$336,007 |
| Trade notes and accounts payable <i>(Note 17)</i> | 24,026 | 23,389 | 194,633 |
| Accrued income taxes | 317 | 306 | 2,546 |
| Reserve for construction loss | 106 | 137 | 1,140 |
| Reserve for business structure improvement expenses | 215 | 32 | 266 |
| Reserve for surcharge | 630 | - | - |
| Other accounts payable | 7,719 | 7,759 | 64,567 |
| Other | 3,449 | 3,742 | 31,139 |
| Total current liabilities | <u>81,290</u> | <u>75,743</u> | <u>630,298</u> |
| Long-term liabilities: | | | |
| Long-term debt <i>(Notes 8 and 17)</i> | 17,277 | 18,586 | 154,664 |
| Net defined benefit liability <i>(Note 10)</i> | 564 | 537 | 4,469 |
| Accrued retirement benefits for directors and statutory auditors | 114 | 108 | 899 |
| Deferred tax liabilities <i>(Note 16)</i> | 1,035 | 193 | 1,606 |
| Deferred tax liabilities related to land revaluation <i>(Notes 12 and 16)</i> | 4,876 | 4,424 | 36,815 |
| Other | 1,637 | 1,510 | 12,567 |
| Total long-term liabilities | <u>25,503</u> | <u>25,358</u> | <u>211,020</u> |
| Total liabilities | <u>106,793</u> | <u>101,101</u> | <u>841,318</u> |
| Contingent liabilities <i>(Note 11)</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 | 201,564 |
| Capital surplus <i>(Note 13)</i> | 6,429 | 5,915 | 49,222 |
| Retained earnings <i>(Note 13)</i> | (1,276) | (395) | (3,287) |
| Treasury stock <i>(Note 13)</i> | (14) | (15) | (125) |
| Total shareholders' equity | <u>29,361</u> | <u>29,727</u> | <u>247,374</u> |
| Accumulated other comprehensive income: | | | |
| Unrealized holding gains on other securities | 816 | 691 | 5,750 |
| Variance of land revaluation <i>(Note 12)</i> | 4,894 | 5,346 | 44,487 |
| Foreign currency translation adjustments | 1,613 | 2,464 | 20,504 |
| Remeasurements of defined benefit plans | (3,402) | (1,611) | (13,406) |
| Total accumulated other comprehensive income | <u>3,921</u> | <u>6,890</u> | <u>57,335</u> |
| Minority interests | <u>297</u> | <u>305</u> | <u>2,538</u> |
| Total net assets | <u>33,579</u> | <u>36,922</u> | <u>307,247</u> |
| Total liabilities and net assets | <u>¥140,372</u> | <u>¥138,023</u> | <u>\$1,148,565</u> |

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF OPERATIONS

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries

| | 2014 | 2015 | 2015 |
|---|-------------------|----------|---|
| | (Millions of yen) | | (Thousands of U.S. dollars) (Note 4) |
| Net sales | ¥183,289 | ¥181,694 | \$1,511,975 |
| Cost of sales (Notes 6 and 14) | 163,727 | 163,532 | 1,360,839 |
| Gross profit | 19,562 | 18,162 | 151,136 |
| Selling, general and administrative expenses (Note 14) | 17,009 | 16,925 | 140,842 |
| Operating income | 2,553 | 1,237 | 10,294 |
| Other income (expenses): | | | |
| Interest income | 45 | 57 | 474 |
| Dividend income | 150 | 152 | 1,265 |
| Foreign currency exchange income | 12 | 260 | 2,164 |
| Interest expense | (1,092) | (1,061) | (8,829) |
| Equity in losses of affiliates | (271) | (209) | (1,739) |
| Gain on bargain purchase | 18 | - | - |
| State subsidy | 8 | 103 | 857 |
| Gain on sales of investment securities | 4 | 897 | 7,464 |
| The amount of surcharge reserve fund transfer | (630) | - | - |
| Loss on impairment of fixed assets (Note 15) | (8) | (8) | (67) |
| Business structure improvement expenses | (248) | 6 | 50 |
| Compensation for product | - | (442) | (3,678) |
| Other, net | (172) | (82) | (682) |
| Income (loss) before income taxes and minority interests | 369 | 910 | 7,573 |
| Income taxes (Note 16) | | | |
| Current | 452 | 525 | 4,369 |
| Deferred | (242) | 147 | 1,223 |
| Income (loss) before minority interests | 210 | 672 | 5,592 |
| Minority interests | 159 | 238 | 1,981 |
| Minority interests | 36 | (9) | (75) |
| Net income (loss) | ¥195 | ¥229 | \$1,906 |

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries

| | 2014 | 2015 | 2015 |
|--|-------------------|--------|---|
| | (Millions of yen) | | (Thousands of U.S. dollars) (Note 4) |
| Income (Loss) before minority interests | ¥159 | ¥238 | \$1,981 |
| Other comprehensive income (Note 20) | | | |
| Unrealized holding gains (losses) on other securities | 36 | (122) | (1,015) |
| Deferred gains (losses) on hedges | (24) | - | - |
| Variance of land revaluation | (137) | 452 | 3,761 |
| Foreign currency translation adjustments | 791 | 422 | 3,512 |
| Remeasurements of defined benefit plans | - | 1,791 | 14,904 |
| Share of other comprehensive income of affiliates in equity method | 775 | 433 | 3,603 |
| Total other comprehensive income | 1,441 | 2,976 | 24,765 |
| Comprehensive income | ¥1,600 | ¥3,214 | ¥26,746 |
| Comprehensive income attributable to | | | |
| Owners of the Company | ¥1,627 | ¥3,199 | \$26,621 |
| Minority interests | (27) | 15 | 125 |

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 | | | | | Total 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 | Remeasurements of defined benefit plans | | | |
| Balance at April 1, 2013 | ¥24,222 | ¥11,035 | ¥(6,077) | ¥(13) | ¥29,167 | ¥780 | ¥24 | ¥5,031 | ¥55 | ¥- | ¥5,890 | ¥293 | ¥35,350 |
| Transfer to retained earnings from capital surplus | | (4,606) | 4,606 | | - | | | | | | | | - |
| Net income (loss) for the year | | | 195 | | 195 | | | | | | | | 195 |
| Purchase of treasury stock | | | | (1) | (1) | | | | | | | | (1) |
| Changes other than shareholder's equity | | | | | | 36 | (24) | (137) | 1,558 | (3,402) | (1,969) | 4 | (1,965) |
| Balance at March 31, 2014 | ¥24,222 | ¥6,429 | ¥(1,276) | ¥(14) | ¥29,361 | ¥816 | ¥- | ¥4,894 | ¥1,613 | ¥(3,402) | ¥3,921 | ¥297 | ¥33,579 |

(Millions of yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | | | Total 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 | Remeasurements of defined benefit plans | | | |
| Balance at April 1, 2014 | ¥24,222 | ¥6,429 | ¥(1,276) | ¥(14) | ¥29,361 | ¥816 | ¥- | ¥4,894 | ¥1,613 | ¥(3,402) | ¥3,921 | ¥297 | ¥33,579 |
| Adjustment on change of the accounting policy | | | 138 | | 138 | | | | | | | | 138 |
| Transfer to retained earnings from capital surplus | | (514) | 514 | | - | | | | | | | | - |
| Net income (loss) for the year | | | 229 | | 229 | | | | | | | | 229 |
| Purchase of treasury stock | | | | (1) | (1) | | | | | | | | (1) |
| Changes other than shareholder's equity | | | | | | (125) | - | 452 | 851 | 1,791 | 2,969 | 8 | 2,977 |
| Balance at March 31, 2015 | ¥24,222 | ¥5,915 | ¥(395) | ¥(15) | ¥29,727 | ¥691 | ¥- | ¥5,346 | ¥2,464 | ¥(1,611) | ¥6,890 | ¥305 | ¥36,922 |

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

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | | | Total 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 | Remeasurements of defined benefit plans | | | |
| Balance at April 1, 2014 | \$201,564 | \$53,499 | \$(10,618) | \$(117) | \$244,328 | \$6,790 | \$- | \$40,726 | \$13,423 | \$(28,310) | \$32,629 | \$2,471 | \$279,428 |
| Adjustment on change of the accounting policy | | | 1,148 | | 1,148 | | | | | | | | 1,148 |
| Transfer to retained earnings from capital surplus | | (4,277) | 4,277 | | - | | | | | | | | - |
| Net income (loss) for the year | | | 1,906 | | 1,906 | | | | | | | | 1,906 |
| Purchase of treasury stock | | | | (8) | (8) | | | | | | | | (8) |
| Changes other than shareholder's equity | | | | | | (1,040) | - | 3,761 | 7,081 | 14,904 | 24,706 | 67 | 24,773 |
| Balance at March 31, 2015 | \$201,564 | \$49,222 | \$(3,287) | \$(125) | \$247,374 | \$5,750 | \$- | \$44,487 | \$20,504 | \$(13,406) | \$57,335 | \$2,538 | \$307,247 |

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

SWCC SHOWA HOLDINGS CO., LTD. and Consolidated Subsidiaries

| | 2014 | 2015 | 2015 |
|--|--------------------------|----------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| | | | <i>(Note 4)</i> |
| Cash flows from operating activities: | | | |
| Income (loss) before income taxes and minority interests | ¥369 | ¥910 | \$7,573 |
| Depreciation and amortization | 2,948 | 3,490 | 29,042 |
| Loss on impairment of fixed assets | 8 | 8 | 67 |
| Compensation income | (101) | (215) | (1,789) |
| Gain on sales of investment securities | (4) | (897) | (7,464) |
| Loss on disposal of property, plant and equipment | 27 | 45 | 374 |
| Loss on devaluation in investment securities | 3 | - | - |
| Increase (decrease) in allowance for doubtful accounts | (139) | (207) | (1,723) |
| Increase (decrease) in reserve for construction loss | 75 | 31 | 258 |
| Increase (decrease) in provision for net defined benefit liability | (115) | (27) | (225) |
| Interest and dividend income | (195) | (208) | (1,731) |
| Interest expenses | 1,092 | 1,061 | 8,829 |
| Reserve for surcharge | 630 | - | - |
| Compensation for product | - | 442 | 3,678 |
| (Increase) decrease in trade notes and accounts receivable | (1,267) | 3,089 | 25,705 |
| (Increase) decrease in inventories | (2,107) | (513) | (4,268) |
| Increase (decrease) in trade notes and accounts payable | 106 | (856) | (7,123) |
| (Increase) decrease in other current assets | (1,020) | 927 | 7,714 |
| Increase (decrease) in other current liabilities | 925 | (195) | (1,623) |
| Business structure improvement expenses | 248 | 6 | 50 |
| Other | (1,400) | 720 | 5,992 |
| Sub-total | <u>83</u> | <u>7,611</u> | <u>63,336</u> |
| Interest and dividends received | 206 | 256 | 2,130 |
| Interest paid | (1,088) | (1,039) | (8,646) |
| Settlement paid | - | (618) | (5,143) |
| Business structure improvement expenses paid | - | (152) | (1,265) |
| Income taxes paid | (409) | (433) | (3,603) |
| Net cash (used in) provided by operating activities | <u>(1,208)</u> | <u>5,625</u> | <u>46,809</u> |
| Cash flows from investing activities: | | | |
| Purchases of investment securities | (9) | (9) | (75) |
| Proceeds from sales of investment securities | 48 | 1,845 | 15,353 |
| Purchases of property, plant and equipment | (3,317) | (3,689) | (30,698) |
| Proceeds from sales of property, plant and equipment | 39 | 41 | 341 |
| Expenditures for acquisition of investments in an affiliate | (498) | - | - |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | 60 | - | - |
| Proceeds from sales of investments | 3 | - | - |
| (Increase) decrease in short-term loans receivable | (1,002) | 129 | 1,074 |
| Other | 109 | (345) | (2,871) |
| Net cash used in investing activities | <u>(4,567)</u> | <u>(2,028)</u> | <u>(16,876)</u> |

| | 2014 | 2015 | 2015 |
|---|--------------------------|---------|---|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> <i>(Note 4)</i> |
| Cash flows from financing activities: | | | |
| Increase (decrease) in short-term bank borrowings | 1,041 | (5,754) | (47,882) |
| Proceeds from long-term debt | 11,050 | 11,110 | 92,452 |
| Repayment of long-term debt | (8,332) | (8,690) | (72,314) |
| Dividends payment | (6) | (7) | (58) |
| Other | 981 | (152) | (1,265) |
| Net cash provided by (used in) financing activities | 4,734 | (3,493) | (29,067) |
| Effect of exchange rate changes on cash and cash equivalents | 422 | 259 | 2,155 |
| Net increase (decrease) in cash and cash equivalents | (619) | 363 | 3,021 |
| Cash and cash equivalents at beginning of year | 8,224 | 7,605 | 63,285 |
| Cash and cash equivalents at end of year (Note 5) | ¥7,605 | ¥7,968 | ¥66,306 |

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, 2015 is 24, listed as follows:

| Name | Percentage of equity ownership | Paid-in capital |
|---|-----------------------------------|--------------------|
| | | <i>(Millions)</i> |
| 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 |
| 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 |
| 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 |
| Jiaying 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\$1.7 |
| HangZhou FuTong Showa Interconnect Products Co., Ltd. | 90.0 | CNY \$12 |
| Showa Science Co., Ltd. | 70.0 | 40 |

The number of affiliates, in which investments are accounted for by the equity method, is 5 listed as follows:

| | Percentage of equity ownership | Paid-in capital |
|---|-----------------------------------|--------------------|
| | | (Millions) |
| Hua Ho Engineering Co., Ltd. | 50.0 % | NT\$35 |
| Showa-TBEA (Shan Dong) Cable Accessories Co., Ltd | 49.0 | US\$14 |
| 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¥322 |
| FuTong-Showa Electric Wire & Cable (TianJin) Co., Ltd | 50.0 | CNY¥100 |

Effective the year ended March 31, 2014, Miyazaki Electric Wire & Cable Co., Ltd., has been excluded from the scope of the consolidated subsidiaries since it was closed.

(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

Depreciation of finance lease assets that transfer ownership of the assets, mainly office equipment is calculated by the same method applied for property, plant and equipment.

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) Retirement Benefits

(1) Method of attributing benefits to periods of service

When calculating retirement benefit obligations, the straight-line basis is used for attributing expected retirement benefits to periods of service.

(2) Method of expenses for actuarial gains and losses and past service costs

Past service cost is amortized on a straight-line basis over certain periods within the average remaining service lives of employees (mainly 13 years) from the year in which it arises.

Actuarial gains and losses are amortized on a straight-line basis over certain periods within the average remaining service lives of employees (mainly 13 years) from the year following that in which they arise.

(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) Reserve for Surcharge

Reserve for Surcharge is recorded at the expected loss resulting from the payment of a surcharge payment order based on the European Commission.

(o) 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.

(p) 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.

(q) Consumption Taxes

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

(r) 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 Change

Effective the year ended March 31, 2015, the following change in accounting policy and new accounting standard were adopted.

Effective from the year ended March 31, 2015, the Company and its consolidated domestic subsidiaries have applied the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No. 26, May17, 2012 (Statement No. 26)) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015) regarding the article 35 of the Statement No.26 and the article 67 of the Guidance No.25. The calculation method of retirement benefit and past service costs and the determination method of the discount rate have been changed. In accordance with the article 37 of the Statement No.26, the effect of the change in accounting policies arising from initial application has been recognized in the retained earnings at the beginning of the fiscal year.

As a result of the application, the retirement benefit asset has increased by ¥188 million (US\$1,564 thousand), and the retained earnings have increased by ¥138 million (US\$1,148 thousand) on April 1, 2014. The impact on operating income and income before income taxes for the year ended March 31, 2015 is not significant.

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 ¥120.17 = US\$1.00 prevailing on March 31, 2015. 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, 2014 and 2015 was as follows:

| | 2014 | 2015 | 2015 |
|--|-------------------|--------|-----------------------------|
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Cash and time deposits due within 3 months | ¥7,605 | ¥7,968 | \$66,306 |
| Time deposits due over 3 months | 180 | 129 | 1,074 |
| Total | ¥7,785 | ¥8,097 | \$67,380 |

6. Inventories

The breakdown of Inventories at March 31, 2014 and 2015 was as follows:

| | 2014 | 2015 | 2015 |
|--------------------------------|-------------------|---------|-----------------------------|
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Merchandise and finished goods | ¥9,038 | ¥9,782 | \$81,401 |
| Work in process | 7,159 | 7,720 | 64,242 |
| Raw materials and supplies | 5,276 | 4,484 | 37,314 |
| Total | ¥21,473 | ¥21,986 | \$182,957 |

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, 2014 and 2015 in the amounts of ¥69 million and ¥78 million (US\$649 thousand), respectively.

7. Investment Securities

(a) Information regarding marketable other securities at March 31, 2014 and 2015 was as follows:

| | 2014 | | | 2015 | | | 2015 | | |
|---|-------------------|----------------|------------------------|------------------|----------------|------------------------|-----------------------------|----------------|------------------------|
| | 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 | ¥2,033 | ¥3,400 | ¥1,367 | ¥1,517 | ¥2,573 | ¥1,056 | \$12,624 | \$21,412 | \$8,788 |
| Securities whose acquisition cost exceeds their carrying value: | | | | | | | | | |
| Stocks | 683 | 554 | (129) | 220 | 172 | (48) | 1,831 | 1,431 | (400) |
| Total | ¥2,716 | ¥3,954 | ¥1,238 | ¥1,737 | ¥2,745 | ¥1,008 | \$14,455 | \$22,843 | \$8,388 |

(b) Sales of other securities

Information regarding other securities which have been sold out by March 31, 2015 was as follows:

| | 2015 | | 2015 | |
|--------|--------------------------|--------------------|------------------------------------|--------------------|
| | Amount of the sale | Income of the sale | Amount of the sale | Income of the sale |
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> | |
| Stocks | ¥1,845 | ¥897 | \$15,353 | \$7,464 |

8. Short-term and Long-term Debts

Short-term debt composes short-term borrowings and current portion of long-term borrowings, finance lease obligations. The weighted average interest rates for short-term borrowings and current portion of long-term borrowings at March 31, 2015 were 1.546% and 1.897%, respectively.

Short-term borrowings and long-term borrowings at March 31, 2014 and 2015 consisted of the following:

| | 2014 | 2015 | 2015 |
|------------------------------|--------------------------|----------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Short-term borrowings | | | |
| Unsecured | ¥15,700 | ¥12,085 | \$100,566 |
| Secured | 20,774 | 18,585 | 154,656 |
| | <u>¥36,474</u> | <u>¥30,670</u> | <u>\$255,222</u> |
| Long-term borrowings | | | |
| Unsecured | ¥12,046 | ¥14,823 | \$123,350 |
| Secured | 11,964 | 11,657 | 97,004 |
| | <u>¥24,010</u> | <u>¥26,480</u> | <u>\$220,354</u> |

Long-term debt at March 31, 2014 and 2015 consisted of the following:

| | 2014 | 2015 | 2015 |
|--|--------------------------|----------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Loans principally from banks and insurance companies due serially to 2022 and predominantly collateralized, with a weighted average interest of 1.8% | ¥24,010 | ¥26,480 | \$220,354 |
| Finance lease obligations due 2023 | 1,621 | 1,813 | 15,087 |
| Less: portion due within one year | <u>(8,354)</u> | <u>(9,707)</u> | <u>(80,777)</u> |
| | <u>¥17,277</u> | <u>¥18,586</u> | <u>\$154,664</u> |

The aggregate annual maturities of long-term debt subsequent to March 31, 2015 were as follows:

| Year ending March 31, | <i>(Millions of yen)</i> | <i>(Thousands of U.S. dollars)</i> |
|-----------------------|--------------------------|------------------------------------|
| 2016 | ¥8,085 | \$67,280 |
| 2017 | 5,349 | 44,512 |
| 2018 | 3,559 | 29,616 |
| 2019 and thereafter | <u>1,593</u> | <u>13,256</u> |
| | <u>¥18,586</u> | <u>\$154,664</u> |

At March 31, 2014 and 2015, the following assets were pledged as collateral for certain of the above debts:

| | 2014 | 2015 | 2015 |
|---|--------------------------|----------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Investment securities | ¥2,047 | ¥1,775 | \$14,771 |
| Property, plant and equipment, at net book value: | | | |
| Buildings and structures | 5,123 | 6,030 | 50,179 |
| Machinery, equipment and tools | 141 | 1,870 | 15,562 |
| Land | 17,883 | 18,153 | 151,060 |
| Other | 3 | - | - |
| | <u>¥25,197</u> | <u>¥27,828</u> | <u>\$231,572</u> |

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, 2014 and 2015, 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:

| | 2014 | 2015 | 2015 |
|--------------------------|-------------------|------|-----------------------------|
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Acquisition costs | ¥643 | ¥518 | \$4,310 |
| Accumulated depreciation | 534 | 467 | 3,886 |
| Net book value | ¥109 | ¥51 | \$424 |

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, 2014 and 2015, 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:

| | 2014 | 2015 | 2015 |
|-----------------|-------------------|------|-----------------------------|
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Within one year | ¥58 | ¥44 | \$366 |
| Over one year | 51 | 7 | 58 |
| Total | ¥109 | ¥51 | \$424 |

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, 2014 and 2015, were ¥75 million and ¥59 million (US\$491 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, 2014 and 2015 are summarized as follows:

| | 2014 | 2015 | 2015 |
|-----------------|-------------------|------|-----------------------------|
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Within one year | ¥97 | ¥89 | \$741 |
| Over one year | 63 | 592 | 4,926 |
| Total | ¥160 | ¥681 | \$5,667 |

10. Retirement Benefits for Employees

Parent company and domestic consolidated subsidiaries are as defined benefit plans providing pension fund, defined benefit corporate pension plans and lump-sum retirement benefit plans and defined contribution pension plans, is the parent company and certain consolidated subsidiaries set the employee retirement benefit trust.

Pension benefit companies and retirement lump sum with certain subsidiaries are calculated defined benefit liabilities and retirement benefit costs by the simplified method.

Also, in certain overseas consolidated subsidiaries have defined benefit plans. Similar to defined contribution plan cannot reasonably calculate the amount of pension assets, corresponding to their contribution regarding the accounting treatment, some consolidated subsidiaries joined a multi-employer pension fund.

(a) Defined benefit plans (excluding plans applying the simplified method)

(1) Movements in retirement benefit obligations

| | 2014 | 2015 | 2015 |
|---|--------------------------|---------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Beginning balance | ¥11,303 | ¥11,786 | \$98,077 |
| Adjustment amounts in relation to the accounting policy changes | - | (188) | (1,564) |
| Service cost | 435 | 447 | 3,720 |
| Interest cost | 113 | 130 | 1,082 |
| Actuarial gains and losses | 598 | 934 | 7,772 |
| Benefits paid | (663) | (593) | (4,935) |
| Ending balance | ¥11,786 | ¥12,516 | \$104,152 |

(2) Movements in plan assets

| | 2014 | 2015 | 2015 |
|------------------------------------|--------------------------|---------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Beginning balance | ¥11,774 | ¥13,212 | \$109,944 |
| Expected return on plan assets | 412 | 462 | 3,845 |
| Actuarial gains and losses | 1,050 | 1,379 | 11,475 |
| Contributions paid by the employer | 637 | 331 | 2,755 |
| Benefits paid | (661) | (593) | (4,935) |
| Ending balance | ¥13,212 | ¥14,791 | \$123,084 |

(3) Reconciliation from retirement benefit obligations and plan assets to net defined benefit liabilities (assets) in the consolidated balance sheets

| | 2014 | 2015 | 2015 |
|--|--------------------------|----------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Funded retirement benefit obligations | ¥11,786 | ¥12,516 | \$104,152 |
| Plan assets | (13,212) | (14,791) | (123,084) |
| Total net defined benefit liabilities (assets) | ¥(1,426) | ¥(2,275) | \$(18,932) |
| Net defined benefit liabilities | ¥(1,426) | ¥(2,275) | \$(18,932) |
| Total net defined benefit liabilities (assets) | ¥(1,426) | ¥(2,275) | \$(18,932) |

(4) Retirement benefit costs

| | 2014 | 2015 | 2015 |
|--|--------------------------|-------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Service cost | ¥435 | ¥447 | \$3,720 |
| Interest cost | 113 | 130 | 1,082 |
| Expected return on plan assets | (412) | (462) | (3,845) |
| Amortization of actuarial gains and losses | 723 | 641 | 5,334 |
| Amortization of prior service cost | 1 | - | - |
| Total retirement benefit costs | ¥860 | ¥756 | \$6,291 |

(5) Remeasurements of defined benefit plans (before tax)

| | 2014 | 2015 | 2015 |
|----------------------------|--------------------------|--------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Actuarial gains and losses | ¥- | ¥1,086 | \$9,037 |
| Total | ¥- | ¥1,086 | \$9,037 |

(6) Accumulated remeasurements of defined benefit plans (before tax)

| | 2014 | 2015 | 2015 |
|---|--------------------------|--------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Unrecognized actuarial gains and losses | ¥3,402 | ¥2,316 | \$19,273 |
| Total | ¥3,402 | ¥2,316 | \$19,273 |

(7) Plan assets

1) Plan assets at March 31, 2014 and 2015 comprise the following :

| | 2014 | 2015 |
|---|-------|-------|
| Life insurance company general accounts | 23.7% | 23.4% |
| Domestic bonds | 15.6% | 11.1% |
| Domestic equity securities | 36.4% | 34.5% |
| Foreign bonds | 4.2% | 6.1% |
| Foreign equity securities | 12.9% | 9.6% |
| Other assets | 7.2% | 15.3% |
| Total | 100% | 100% |

Note: In the above plan assets, the percentage of the retirement benefit trust for the years ended March 31, 2014 and 2015 was 23.9% and 25.6%, respectively.

2) Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(8) Actuarial assumptions

The principal actuarial assumptions at March 31, 2014 and 2015 are as follows:

| | 2014 | 2015 |
|-----------------------------------|----------|----------|
| Discount rate | 1.0% | 0.8% |
| Long-term expected rate of return | 3.5% | 3.5% |
| Assumed salary increase rate | 2.4~3.3% | 2.6~3.4% |

(b) Defined benefit plans applying the simplified method

(1) Movements in defined benefit liabilities applying the simplified method

| | 2014 | 2015 | 2015 |
|---|-------------------|-------|-----------------------------|
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Beginning balance | ¥624 | ¥478 | \$3,978 |
| Retirement benefit costs | 140 | 198 | 1,648 |
| Benefits paid | (180) | (161) | (1,340) |
| Contributions paid by the employer | (139) | (121) | (1,007) |
| Foreign currency translation adjustments | 3 | 2 | 16 |
| Increase due to newly consolidated subsidiaries | 30 | - | - |
| Ending balance | ¥478 | ¥396 | \$3,295 |

(2) Reconciliation from retirement benefit obligations and plan assets to net defined benefit liabilities (assets) applying the simplified method in the consolidated balance sheets

| | 2014 | 2015 | 2015 |
|--|-------------------|---------|-----------------------------|
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Funded retirement benefit obligations | ¥1,148 | ¥1,183 | \$9,844 |
| Plan assets | (958) | (1,080) | (8,987) |
| Unfunded retirement benefit obligations | 288 | 293 | 2,438 |
| Total net defined benefit liabilities (assets) | ¥478 | ¥396 | \$3,295 |
| Net defined benefit liabilities | ¥564 | ¥537 | \$4,468 |
| Net defined benefit assets | (86) | (141) | (1,173) |
| Total net defined benefit liabilities (assets) | ¥478 | ¥396 | \$3,295 |

(3) Retirement benefit cost calculated by the simplified method

| | 2014 | 2015 | 2015 |
|-------------------------|-------------------|------|-----------------------------|
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Retirement benefit cost | ¥140 | ¥198 | \$1,648 |

(c) Defined contribution plans

The amount of contributions to the defined contribution plans of the Company and its consolidated subsidiaries at March 31, 2014 and 2015 were ¥183 million and ¥194 (US\$1,614 thousand), respectively.

11. Contingent Liabilities

At March 31, 2014 and 2015, the Companies were contingently liable for the following items:

| | 2014 | 2015 | 2015 |
|--|--------------------------|---------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Discounted and endorsed trade notes receivable | ¥1,963 | ¥1,825 | \$15,186 |
| Guarantees of indebtedness of employees | 7 | 5 | 42 |
| | <u>¥1,970</u> | <u>¥1,830</u> | <u>\$15,228</u> |

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, 2014 and 2015 was lower than its carrying amount by ¥8,904 million and ¥8,950 million (US\$74,478 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, 2014 and 2015 was as follows:

(a) Shares issued and treasury stock

For the year ended March 31, 2014

| Types of shares | Number of shares at April 1, 2013 | Increase | Decrease | Number of shares at March 31, 2014 |
|----------------------------|--------------------------------------|-----------|----------|---------------------------------------|
| <i>Thousands of shares</i> | | | | |
| Share issued: | | | | |
| Common stock | <u>308,269</u> | <u>-</u> | <u>-</u> | <u>308,269</u> |
| Treasury stock: | | | | |
| Common stock | <u>107</u> | <u>11</u> | <u>-</u> | <u>118</u> |

Note: Increase of 11 thousand shares in treasury stock is due to purchases of shares less than standard unit.

For the year ended March 31, 2015

| Types of shares | Number of shares at April 1, 2014 | Increase | Decrease | Number of shares at March 31, 2015 |
|----------------------------|--------------------------------------|----------|----------|---------------------------------------|
| <i>Thousands of shares</i> | | | | |
| Share issued: | | | | |
| Common stock | <u>308,269</u> | <u>-</u> | <u>-</u> | <u>308,269</u> |
| Treasury stock: | | | | |
| Common stock | <u>118</u> | <u>8</u> | <u>-</u> | <u>126</u> |

Note: Increase of 8 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, 2014 and 2015.

14. Selling, General and Administrative Expenses

The breakdown of "Selling, General and Administrative Expenses" for the years ended March 31, 2014 and 2015 was as follows:

| | 2014 | 2015 | 2015 |
|---|--------------------------|----------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Shipping charges | ¥1,330 | ¥1,354 | \$11,267 |
| Other selling expenses | 701 | 603 | 5,018 |
| Salaries and other allowances for employees | 6,317 | 6,581 | 54,764 |
| Retirement benefits expenses for employees | 733 | 722 | 6,008 |
| Retirement benefits expenses for directors and statutory auditors | 28 | 26 | 216 |
| Allowance for doubtful accounts | (61) | (144) | (1,198) |
| Depreciation and amortization cost | 919 | 965 | 8,030 |
| Other | 7,042 | 6,818 | 56,737 |
| | <u>¥17,009</u> | <u>¥16,925</u> | <u>\$140,842</u> |

Research and development expensed included in “Selling, general and administrative expenses” and manufacture costs for the year ended March 31, 2014 and 2015 amounted to ¥858 million and ¥240 million, ¥993 million (US\$8,263 thousand) and ¥245 million (US\$2,039 thousand), respectively.

15. Impairment of Fixed Assets

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, 2014 and 2015, as for facilities related to lease assets located in Hokkaido, their market value has remarkably fallen against their carrying amount and the book value of the assets was reduced to recoverable amount. The amounts written down for the year ended March 31, 2014 and 2015 were both ¥8 million (US\$67 thousand).

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

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:

| | 2014 | 2015 | 2015 |
|------|--------------------------|-----------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Land | ¥8 | ¥8 | \$67 |
| | <u>¥8</u> | <u>¥8</u> | <u>\$67</u> |

16. Income Taxes

Significant components of deferred taxes at March 31, 2014 and 2015 were as follows:

| | 2014 | 2015 | 2015 |
|--|--------------------------|-------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Deferred tax assets: | | | |
| Loss carry-forwards | ¥8,883 | ¥6,379 | \$53,083 |
| Unrealized gain on real estates | 623 | 621 | 5,167 |
| Accrued bonuses | 539 | 485 | 4,036 |
| Depreciation | 1,243 | 944 | 7,856 |
| Actuarial gain or loss | 1,211 | - | - |
| Other | 2,341 | 1,664 | 13,847 |
| Subtotal deferred tax assets | 14,840 | 10,093 | 83,989 |
| Valuation allowance | (13,453) | (8,954) | (74,511) |
| Total deferred tax assets | 1,387 | 1,139 | 9,478 |
| Deferred tax liabilities: | | | |
| Net defined benefit asset | (538) | (46) | (383) |
| Unrealized holding gains on securities | (419) | (318) | (2,646) |
| Profit and loss adjustment of the connection corporation interval business | (173) | (157) | (1,307) |
| Other | (516) | (269) | (2,238) |
| Total deferred tax liabilities | (1,646) | (790) | (6,574) |
| Net deferred tax assets (liabilities): | <u>¥(259)</u> | <u>¥349</u> | <u>\$2,904</u> |

| | | | |
|---|----------|----------|------------|
| Deferred tax assets related to land revaluation: | 1,398 | 1,268 | 10,552 |
| Valuation allowance | (1,398) | (1,268) | (10,552) |
| Total deferred tax assets related to land revaluation | - | - | - |
| Deferred tax liabilities related to land revaluation: | (4,876) | (4,424) | (36,815) |
| Total deferred tax assets (liabilities) related to land revaluation | (4,876) | (4,424) | (36,815) |
| Net deferred tax liabilities related to land revaluation: | ¥(4,876) | ¥(4,424) | \$(36,815) |

The differences between the statutory tax rate and the effective tax rate were summarized as follows:

| | 2014 | 2015 |
|--|-------|--------|
| | (%) | (%) |
| Legal effective tax rate | 37.4 | 35.6 |
| The items which are never counted in loss of money such as donations | 54.2 | 45.0 |
| The amount of increase and decrease of the amount of evaluation-related mortgage | △79.9 | △271.4 |
| Overdue tax loss carry-forward | - | 237.3 |
| Residence tax per capita rate | 28.0 | 11.4 |
| Investment loss by the equity method | 27.5 | 8.2 |
| Reduction correction of deferred tax assets by the tax rate change | 14.7 | △1.2 |
| Amortization of the Goodwill | △2.4 | 0.0 |
| Other | △22.5 | 9.1 |
| Effective tax rate | 57.0 | 73.8 |

Correction of the amount of money of the deferred tax assets by the change of the tax rates such as corporation taxes and the putting off tax debt on March 31, 2015, the “Act for Partial Revision of the Income Tax Act etc.” (Act. No. 9 of 2015) and “Act for Partial Revision of the Local Tax Act etc.” (Act. No.2 of 2015) were officially issued and, accordingly, the corporate tax applicable to the Company and its domestic subsidiaries will be decreased effective from April 1, 2015. Corresponding to this change, the statutory tax rate applied in calculating deferred income taxes was reduced from 35.6% to 33.1% for the year beginning April 1, 2015 and 32.3% for the year beginning April 1, 2016.

By the change of this tax rate, the amount of deferred tax liabilities decreased ¥43 million (US\$358 thousand), and the amount of such as corporation taxes adjustment decreased ¥11 million (US\$92 thousand). The amount of variance of investment securities revaluations increased ¥32 million (US\$266 thousand). Meanwhile, the amount of deferred tax liabilities related to revaluation decreased ¥452 million (US\$3,761 thousand), and the amount of variance of land revaluation increased ¥452 million (US\$3,761 thousand).

17. 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. Long-term debts, which have maturity dates within seven years, are primarily utilized to secure financing for equipment. 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 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.

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) 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, 2014 and 2015 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) | | |
| 2014 | | | | | | |
| Cash and time deposits | ¥7,785 | ¥- | ¥- | | | |
| Trade notes and accounts receivable | 45,479 | 3,139 | - | | | |
| Total of the amounts | ¥53,264 | ¥3,139 | ¥- | | | |
| 2015 | | | | | | |
| Cash and time deposits | ¥8,097 | ¥- | ¥- | \$67,380 | \$- | \$- |
| Trade notes and accounts receivable | 43,460 | 2,066 | - | 361,654 | 17,193 | - |
| Total of the amounts | ¥51,557 | ¥2,066 | ¥- | \$429,034 | \$17,193 | \$- |

Redemption schedules for trade payables, long-term borrowings after March 31, 2014 and 2015 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) | | |
| 2014 | | | | | | |
| Trade notes and accounts payable | ¥24,026 | ¥- | ¥- | | | |
| Short-term borrowings | 36,474 | - | - | | | |
| Long-term borrowings | 7,975 | 16,031 | 4 | | | |
| Total of the amounts | ¥68,475 | ¥16,031 | ¥4 | | | |
| 2015 | | | | | | |
| Trade notes and accounts payable | ¥23,389 | ¥- | ¥- | \$194,633 | \$- | \$- |
| Short-term borrowings | 30,670 | - | - | 255,222 | - | - |
| Long-term borrowings | 9,246 | 17,173 | 61 | 76,941 | 142,906 | 507 |
| Total of the amounts | ¥63,305 | ¥17,173 | ¥61 | \$526,796 | \$142,906 | \$507 |

18. Derivatives

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

Currency-related Transactions

| | 2014 | | | 2015 | | | 2015 | | |
|------------------------------------|--------------------------|------------|------------------------|-------------------|------------|------------------------|------------------------------------|------------|------------------------|
| | 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>(Thousands of U.S. dollars)</i> | | |
| Forward foreign exchange contracts | | | | | | | | | |
| (Sell-USD) | ¥935 | ¥ 10 | ¥ 10 | ¥217 | ¥1 | ¥1 | \$1,806 | \$ 8 | \$8 |
| (Sell-QAR) | 1,461 | (7) | (7) | 321 | (2) | (2) | 2,671 | (17) | (17) |
| (Sell-KWD) | 25 | 1 | 1 | - | - | - | - | - | - |
| Forward foreign exchange contracts | | | | | | | | | |
| (Buy-USD) | ¥516 | ¥(2) | ¥(2) | ¥- | ¥- | ¥- | \$- | \$- | \$- |

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:

Interest-related Transactions

| | 2014 | | | 2015 | | | 2015 | | |
|--------------------------------|--------------------------|-------------------------------|------------|-------------------|-------------------------------|------------|------------------------------------|-------------------------------|------------|
| | 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>(Thousands of U.S. dollars)</i> | | |
| Interest rate swaps | | | | | | | | | |
| Pay/fixed and Receive/floating | | | | | | | | | |
| Long-term debt | ¥10,010 | ¥6,675 | ¥- | ¥13,005 | ¥8,875 | ¥- | \$108,222 | \$73,854 | \$- |

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

19. Per Share Information

Net income (loss) and net assets per share for the years ended March 31, 2014 and 2015 were as follows:

| | 2014 | 2015 | 2015 |
|-----------------------------|--------------|----------|-----------------------|
| | <i>(Yen)</i> | | <i>(U.S. dollars)</i> |
| Net income (loss) per share | ¥ 0.63 | ¥0.74 | \$0.006 |
| Net assets per share | ¥108.00 | ¥ 118.83 | \$0.989 |

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:

| | 2014 | 2015 | 2015 |
|--|------------------------------|---------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Net income (loss) | ¥195 | ¥229 | \$1,906 |
| Net income (loss) attributable to shares of common stock | ¥195 | ¥229 | \$1,906 |
| | <i>(Thousands of shares)</i> | | |
| Weighted average number of shares for basic net income | 308,156 | 308,146 | |

As "Changes in accounting principles", in accordance with transitional accounting as stipulated in article 37 of the Accounting Standard for Retirement Benefits, as a result, net assets per share increased by ¥0.45.

20. Other Comprehensive Income

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

| | 2014 | 2015 | 2015 |
|--|-------------------|---------------|-----------------------------|
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Net unrealized holding gains (losses) on other securities | | | |
| Increase (decrease) during the year | ¥62 | ¥276 | \$2,297 |
| Reclassification adjustments | - | (499) | (4,152) |
| Subtotal before tax | 62 | (223) | (1,855) |
| Tax effect | (26) | 101 | 840 |
| Net unrealized holding gains (losses) on other securities | 36 | (122) | (1,015) |
| Deferred gains (losses) on hedges | | | |
| Increase (decrease) during the year | (38) | - | - |
| Subtotal before tax | (38) | - | - |
| Tax effect | 14 | - | - |
| Net deferred gains (losses) on hedges | (24) | - | - |
| Variance of land revaluation | | | |
| Tax effect | (137) | 452 | 3,761 |
| Foreign currency translation adjustments | | | |
| Increase (decrease) during the year | 791 | 422 | 3,512 |
| Remeasurements of defined benefit plans | | | |
| Increase (decrease) during the year | - | 445 | 3,703 |
| Reclassification adjustments | - | 641 | 5,334 |
| Subtotal before tax | - | 1,086 | 9,037 |
| Tax effect | - | 705 | 5,867 |
| Net remeasurements of defined benefit plans | - | 1,791 | 14,904 |
| Share of other comprehensive income of affiliates in equity method | | | |
| Increase (decrease) during the year | 775 | 433 | 3,603 |
| Total other comprehensive income | ¥1,441 | ¥2,976 | \$24,765 |

21. 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, 2014 is summarized as follows:

| 2014 | Reportable Business Segments | | | | | Others | Total | Adjustments | Consolidated |
|------------------------|------------------------------|--------------|-------------|----------------------|---------|---------|----------|-------------|--------------|
| Segment Information | Electric Wire | Power System | Magnet Wire | Communication System | Device | | | | |
| (Millions of yen) | | | | | | | | | |
| Net sales | | | | | | | | | |
| Outside customers | ¥86,544 | ¥27,900 | ¥21,751 | ¥21,356 | ¥23,597 | ¥2,141 | ¥183,289 | ¥- | ¥183,289 |
| Inter segment | 21,206 | 196 | 635 | 962 | 220 | 10,288 | 33,507 | (33,507) | - |
| Total | ¥107,750 | ¥28,096 | ¥22,386 | ¥22,318 | ¥23,817 | ¥12,429 | ¥216,796 | ¥(33,507) | ¥183,289 |
| Segment income (loss) | ¥1,554 | ¥(392) | ¥(46) | ¥567 | ¥1,153 | ¥(331) | ¥2,505 | ¥48 | ¥2,553 |
| Segment assets | ¥47,092 | ¥32,879 | ¥13,506 | ¥19,673 | ¥16,187 | ¥10,720 | ¥140,057 | ¥315 | ¥140,372 |
| Depreciation | 636 | 353 | 352 | 440 | 522 | 762 | 3,065 | (117) | 2,948 |
| Investments in equity | | | | | | | | | |
| method affiliates | 2,822 | 901 | - | - | - | 108 | 3,831 | - | 3,831 |
| Increase in fix assets | 732 | 319 | 456 | 789 | 1,272 | 947 | 4,515 | (54) | 4,461 |

Notes:

(1) Segment income (loss) included in Adjustments of ¥48 million, mainly consisted of unrealized gain of ¥75 million.

(2) Segment assets included in Adjustments amounted to ¥315 million, mainly consisted of the common assets not allocated to any segment of ¥11,810 million, elimination of inter-segment transactions of ¥9,343 million and unrealized gain of ¥2,152 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 (loss) corresponds to consolidated operating income.

The Company additionally acquired shares of consolidated subsidiary of Showa Science Co., Ltd. which was under the segment of Device Operations for the year ended March 31, 2014. As a result of this acquisition, gain on negative goodwill of ¥18 million was recognized.

The business segment information for the Companies for the year ended March 31, 2015 is summarized as follows:

| 2015 | Reportable Business Segments | | | | | Others | Total | Adjustments | Consolidated |
|------------------------|------------------------------|--------------|-------------|----------------------|---------|---------|----------|-------------|--------------|
| Segment Information | Electric Wire | Power System | Magnet Wire | Communication System | Device | | | | |
| (Millions of yen) | | | | | | | | | |
| Net sales | | | | | | | | | |
| Outside customers | ¥85,070 | ¥25,299 | ¥22,708 | ¥21,640 | ¥25,006 | ¥1,971 | ¥181,694 | ¥- | ¥181,694 |
| Inter segment | 21,583 | 96 | 686 | 978 | 183 | 10,406 | 33,932 | (33,932) | - |
| Total | ¥106,653 | ¥25,395 | ¥23,394 | ¥22,618 | ¥25,189 | ¥12,377 | ¥215,626 | ¥(33,932) | ¥181,694 |
| Segment income (loss) | ¥1,107 | ¥(914) | ¥(48) | ¥457 | ¥990 | ¥(343) | ¥1,249 | ¥(12) | ¥1,237 |
| Segment assets | ¥48,369 | ¥30,607 | ¥14,153 | ¥18,305 | ¥16,163 | ¥10,983 | ¥138,580 | ¥(557) | ¥138,023 |
| Depreciation | 716 | 480 | 359 | 536 | 667 | 851 | 3,609 | (119) | 3,490 |
| Investments in equity | | | | | | | | | |
| method affiliates | 2,895 | 991 | - | - | - | 120 | 4,006 | - | 4,006 |
| Increase in fix assets | 1,343 | 590 | 705 | 616 | 629 | 1,183 | 5,066 | (68) | 4,998 |

| 2015 | Reportable Business Segments | | | | | Others | Total | Adjustments | Consolidated |
|-----------------------------|------------------------------|--------------|-------------|----------------------|-----------|-----------|-------------|-------------|--------------|
| Segment Information | Electric Wire | Power System | Magnet Wire | Communication System | Device | | | | |
| (Thousands of U.S. dollars) | | | | | | | | | |
| Net sales | | | | | | | | | |
| Outside customers | \$707,914 | \$210,527 | \$188,966 | \$180,078 | \$208,089 | \$16,401 | \$1,511,975 | \$- | \$1,511,975 |
| Inter segment | 179,604 | 799 | 5,709 | 8,138 | 1,523 | 86,594 | 282,367 | (282,367) | - |
| Total | \$887,518 | \$211,326 | \$194,675 | \$188,216 | \$209,612 | \$102,995 | \$1,794,342 | \$(282,367) | \$1,511,975 |
| Segment income (loss) | \$9,212 | \$(7,606) | \$(399) | \$3,803 | \$8,238 | \$(2,854) | \$10,394 | \$(100) | \$10,294 |
| Segment assets | \$402,505 | \$254,698 | \$117,775 | \$152,326 | \$134,501 | \$91,395 | \$1,153,200 | \$(4,635) | \$1,148,565 |
| Depreciation | 5,958 | 3,994 | 2,987 | 4,460 | 5,550 | 7,083 | 30,032 | (990) | 29,042 |
| Investments in equity | | | | | | | | | |
| method affiliates | 24,091 | 8,247 | - | - | - | 998 | 33,336 | - | 33,336 |
| Increase in fix assets | 11,176 | 4,910 | 5,867 | 5,126 | 5,234 | 9,844 | 42,157 | (566) | 41,591 |

Notes:

- (1) Segment income (loss) included in Adjustments of ¥12 million (US\$100 thousand), mainly consisted of unrealized gain of ¥18 million (US\$150 thousand).
- (2) Segment assets included in Adjustments amounted to ¥557 million (US\$4,635 thousand), mainly consisted of the common assets not allocated to any segment of ¥11,463 million (US\$95,390 thousand), elimination of inter-segment transactions of ¥9,867 million (US\$82,109 thousand) and unrealized gain of ¥2,153 million (US\$17,916 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 (loss) corresponds to consolidated operating income.

Geographical Segments

Geographical segment sales for the years ended March 31, 2014 and 2015 are summarized as follows:

| Year ended March 31, 2014 | Japan | Asia | Other | Total |
|------------------------------------|-------------|-----------|---------|-------------|
| <i>(Millions of yen)</i> | | | | |
| Sales | ¥159,051 | ¥23,877 | ¥361 | ¥183,289 |
| <hr/> | | | | |
| Year ended March 31, 2015 | Japan | Asia | Other | Total |
| <i>(Millions of yen)</i> | | | | |
| Sales | ¥157,390 | ¥23,960 | ¥344 | ¥181,694 |
| <hr/> | | | | |
| Year ended March 31, 2015 | Japan | Asia | Other | Total |
| <i>(Thousands of U.S. dollars)</i> | | | | |
| Sales | \$1,309,728 | \$199,384 | \$2,863 | \$1,511,975 |

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

Major Customer Information

| 2014 | | |
|--------------------------|----------------------------------|--|
| Major customer | Sales(Millions of yen) | Segments |
| SENSHU ELECTRIC CO.,LTD. | ¥23,812 | Electric Wire and Communication System |
| <hr/> | | |
| 2015 | | |
| Major customer | Sales(Millions of yen) | Segments |
| SENSHU ELECTRIC CO.,LTD. | ¥23,766 | Electric Wire and Communication System |
| <hr/> | | |
| 2015 | | |
| Major customer | Sales(Thousands of U.S. dollars) | Segments |
| SENSHU ELECTRIC CO.,LTD. | \$197,770 | Electric Wire and Communication System |

Segment information on impairment losses on fixed assets for the years ended March 31, 2014 and 2015 are summarized as follows:

| Year ended March | Reportable Business Segments | | | | | Others | Eliminations | Total |
|-----------------------------------|------------------------------|--------------|-------------|----------------------|--------|--------|--------------|-------|
| | Electric Wire | Power System | Magnet Wire | Communication System | Device | | | |
| 31, 2014 | | | | | | | | |
| <i>(Millions of yen)</i> | | | | | | | | |
| Impairment losses of fixed assets | - | - | - | - | - | ¥8 | - | ¥8 |
| <hr/> | | | | | | | | |
| Year ended March | Reportable Business Segments | | | | | Others | Eliminations | Total |
| | Electric Wire | Power System | Magnet Wire | Communication System | Device | | | |
| 31, 2015 | | | | | | | | |
| <i>(Millions of yen)</i> | | | | | | | | |
| Impairment losses of fixed assets | - | - | - | - | - | ¥8 | - | ¥8 |

| Year ended March 31, 2015 | Reportable Business Segments | | | | | Others | Eliminations | Total |
|------------------------------|------------------------------|-----------------|----------------|-------------------------|--------|--------|--------------|-------|
| | Electric Wire | Power System | Magnet Wire | Communication System | Device | | | |

(Thousands of U.S. dollars)

| | | | | | | | | |
|--------------------------------------|---|---|---|---|---|------|---|------|
| Impairment losses of fixed assets | - | - | - | - | - | \$67 | - | \$67 |
|--------------------------------------|---|---|---|---|---|------|---|------|

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.

22. A parent company or important affiliates

A summary of the financial information of important affiliated company

In last fiscal year, important affiliates are Hua Ho Engineering Co., Ltd., Showa-TBEA (Shan Dong) Cable Accessories Co., Ltd and FuTong-Showa Electric Wire & Cable (HangZhou) Co., Ltd and the adding up abstract financial affairs information is as follows.

| | 2014 |
|--|-------------------|
| | (Millions of yen) |
| Total current assets | ¥6,144 |
| Total fixed assets | 2,932 |
| Total current liabilities | 3,270 |
| Total long-term liabilities | 3 |
| Total net assets | 5,803 |
| Net sales | 15,170 |
| Income (loss) before income taxes and minority interests | (457) |
| Net income (loss) | (473) |

In the fiscal year ended March 31, 2015, FuTong-Showa Electric Wire & Cable (HangZhou) Co., Ltd is the important affiliate and the adding up abstract financial affairs information is as follows.

| | 2015 | 2015 |
|--|-------------------|--------------------------------|
| | (Millions of yen) | (Thousands of U.S. dollars) |
| Total current assets | ¥14,341 | \$119,339 |
| Total fixed assets | 2,149 | 17,883 |
| Total current liabilities | 12,457 | 103,661 |
| Total net assets | 4,033 | 33,561 |
| Net sales | 31,122 | 258,983 |
| Income (loss) before income taxes and minority interests | (386) | (3,212) |
| Net income (loss) | (386) | (3,212) |