Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Financial Statements for the Years Ended March 31, 2011 and 2010, and Independent Auditors' Report

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets
March 31, 2011 and 2010

ASSETS	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars (Note 2) 2011	Thousands of U.S. Dollars (Note 2) 2010
CURRENT ASSETS:				
Cash and cash equivalents (Note 11)	¥ 43,418	¥ 55,869	$ 523,108	$ 673,120
Short-term investments (Note 11)	1,698	1,378	20,458	16,602
Trade receivables (Note 11):				
Notes	165	424	1,988	5,108
Accounts	63,460	69,155	764,578	833,193
Allowance for doubtful receivables	(56)	(91)	(674)	(1,096)
Inventories (Note 4)	30,305	24,502	365,120	295,205
Deferred tax assets (Note 9)	2,583	2,119	31,120	25,530
Prepaid expenses and other current assets	2,228	2,799	26,844	33,724
Total current assets	143,801	156,155	1,732,542	1,881,386
PROPERTY, PLANT AND EQUIPMENT:				
Land	5,889	5,901	70,952	71,096
Buildings and structures	30,291	30,923	364,952	372,566
Machinery and equipment	82,522	81,466	994,241	981,518
Furniture and fixtures	41,035	39,299	494,397	473,482
Construction in progress	658	662	7,928	7,976
Total	160,395	158,251	1,932,470	1,906,638
Accumulated depreciation	(120,580)	(118,959)	(1,452,771)	(1,433,241)
Net property, plant and equipment	39,815	39,292	479,699	473,397
INVESTMENTS AND OTHER ASSETS:				
Investments in unconsolidated subsidiaries	199	199	2,398	2,398
Investment securities (Notes 3 and 11)	273	280	3,289	3,373
Software	1,219	1,613	14,687	19,434
Deferred tax assets (Note 9)	2,585	384	31,145	4,627
Prepaid pension expense	2,861	3,606	34,470	43,446
Long-term receivables and other assets	1,075	1,042	12,951	12,553
Total investments and other assets	8,212	7,124	98,940	85,831
TOTAL	¥ 191,828	¥ 202,571	$2,311,181	$2,440,614

(Continued)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets
March 31, 2011 and 2010

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 2)	
	2011	2010	2011	2010
CURRENT LIABILITIES:				
Short-term bank loans (Notes 5 and 11)	¥ 5,072	¥ 5,675	$ 61,108	$ 68,373
Trade payables (Note 11):				
Notes	2,123	1,989	25,578	23,964
Accounts	33,991	32,726	409,530	394,289
Income taxes payable	477	281	5,747	3,386
Accrued expenses	4,724	4,931	56,916	59,410
Other current liabilities	3,857	4,634	46,470	55,831
Total current liabilities	50,244	50,236	605,349	605,253
LONG-TERM LIABILITIES:				
Liability for retirement benefits (Note 6)	607	623	7,313	7,506
Deferred tax liabilities (Note 9)	1,097	2,837	13,217	34,181
Long term payable	205	256	2,470	3,084
Other liabilities	15	2	181	24
Total long-term liabilities	1,924	3,718	23,181	44,795
Total liabilities	52,168	53,954	628,530	650,048
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 10 and 14)				
EQUITY (Notes 7 and 17):				
Common stock—authorized, 200,000,000 shares; issued, 87,498,119 shares in 2011 and 2010	39,890	39,890	480,602	480,602
Capital surplus	43,252	43,252	521,108	521,108
Retained earnings	72,163	78,746	869,434	948,747
Treasury stock—at cost (44,839 shares in 2011 and 43,464 shares in 2010)	(91)	(89)	(1,095)	(1,071)
Accumulated other comprehensive income				
Net unrealized gain on available-for-sale securities	6	9	72	108
Foreign currency translation adjustments	(15,560)	(13,191)	(187,470)	(158,928)
Total equity	139,660	148,617	1,682,651	1,790,566
TOTAL	¥ 191,828	¥ 202,571	$ 2,311,181	$2,440,614

See notes to consolidated financial statements.

 (Concluded)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Operations
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 2)	
	2011	2010	2011	2010
NET SALES (Note 12)	¥ 187,419	¥ 207,536	$ 2,258,060	$ 2,500,434
COST OF SALES (Note 13)	179,977	183,848	2,168,397	2,215,036
Gross profit	7,442	23,688	89,663	285,398
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 13)	12,462	14,271	150,145	171,940
Operating income (loss)	(5,020)	9,417	(60,482)	113,458
OTHER INCOME (EXPENSES):				
Interest income	100	113	1,205	1,361
Interest expense	(47)	(81)	(566)	(976)
Loss on disposals of property, plant and equipment	(362)	(592)	(4,361)	(7,133)
Foreign exchange loss	(1,158)	(450)	(13,952)	(5,422)
Special retirement benefits to employees	(68)		(819)	
Losses from a natural disaster (Note 8)	(187)		(2,253)	
Gain on insurance claim	63		759	
Reversal of patent loyalty	198		2,386	
Other—net	(79)	(92)	(953)	(1,107)
Other income (expenses)—net	(1,540)	(1,102)	(18,554)	(13,277)
INCOME (LOSS) BEFORE INCOME TAXES	(6,560)	8,315	(79,036)	100,181
INCOME TAXES (Note 9):				
Current	1,415	1,792	17,048	21,591
Deferred	(4,434)	621	(53,421)	7,482
Total income taxes	(3,019)	2,413	(36,373)	29,073
NET INCOME (LOSS)	¥ (3,541)	¥ 5,902	$ (42,663)	$ 71,108

(Continued)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Operations
Years Ended March 31, 2011 and 2010

	Yen		U.S. Dollars (Note 2)	
	2011	2010	2011	2010
PER SHARE OF COMMON STOCK (Notes 1.r and 16):				
Net income (loss)	¥ (40.49)	¥67.48	$ (0.49)	$ 0.81
Cash dividends applicable to the year	35.00	35.00	0.42	0.42

See notes to consolidated financial statements.

(Continued)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Years Ended March 31, 2011

	Millions of Yen	Thousands of U.S. Dollars (Note 2)
	2011	2011
NET LOSS	¥ (3,541)	$ (42,663)
OTHER COMPREHENSIVE INCOME (Note 15):		
Net unrealized gain on available-for-sale securities	(3)	(36)
Foreign currency translation adjustments	(2,369)	(28,542)
Total other comprehensive income	(2,372)	(28,578)
COMPREHENSIVE INCOME (Note 15)	(5,913)	(71,241)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 15):		
Owners of the parent	¥ (5,913)	$ (71,241)
Minority interests		

See note to consolidated financial statements.

(Continued)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Equity
Years Ended March 31, 2011 and 2010

		Millions of Yen						
						Accumulated other comprehensive income		
	Issued Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Total Equity
BALANCE, APRIL 1, 2009	87,498,119	¥ 39,890	¥ 43,252	¥ 75,905	¥ (87)	¥ (2)	¥ (12,502)	¥ 146,456
Net income				5,902				5,902
Cash dividends, ¥ 35 per share				(3,061)				(3,061)
Treasury stock acquired—net (1,308 shares)					(2)			(2)
Net change in the year						11	(689)	(678)
BALANCE, MARCH 31, 2010	87,498,119	¥ 39,890	¥ 43,252	¥ 78,746	¥ (89)	¥ 9	¥(13,191)	¥148,617
Net loss				(3,541)				(3,541)
Cash dividends, ¥35 per share				(3,061)				(3,061)
Change of scope of consolidation				19				19
Treasury stock acquired—net (1,375 shares)					(2)			(2)
Net change in the year						(3)	(2,369)	(2,372)
BALANCE, MARCH 31, 2011	87,498,119	¥ 39,890	¥ 43,252	¥ 72,163	¥ (91)	¥ 6	¥(15,560)	¥ 139,660

(Concluded)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended March 31 , 2011 and 2010

	Thousands of U.S. Dollars (Note 2)						
					Accumulated other comprehensive income		
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Total Equity
BALANCE, APRIL 1, 2009	$ 480,602	$ 521,108	$914,518	$ (1,048)	$ (24)	$(150,627)	$1,764,529
Net income			71,108				71,108
Cash dividends, $0.42 per share			(36,879)				(36,879)
Treasury stock acquired—net (1,308 shares)				(23)			(23)
Net change in the year					132	(8,301)	(8,169)
BALANCE, MARCH 31, 2010	$ 480,602	$ 521,108	$948,747	$ (1,071)	$ 108	$ (158,928)	$1,790,566
Net loss			(42,663)				(42,663)
Cash dividends, $0.42 per share			(36,879)				(36,879)
Change of scope of consolidation			229				229
Treasury stock acquired—net (1,375 shares)				(24)			(24)
Net change in the year					(36)	(28,542)	(28,578)
BALANCE, MARCH 31, 2011	$ 480,602	$ 521,108	$869,434	$ (1,095)	$ 72	$(187,470)	$1,682,651

See notes to consolidated financial statements.

(Concluded)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 2)	
	2011	2010	2011	2010
OPERATING ACTIVITIES:				
Income (loss) before income taxes	¥(6,560)	¥ 8,315	$(79,036)	$100,181
Adjustments for:				
Income taxes—paid	(1,445)	(2,035)	(17,410)	(24,518)
Depreciation and amortization	11,444	10,859	137,880	130,831
(Reversal of) provision for allowance for doubtful receivables—net	(34)	169	(410)	2,036
Loss (gain) on sales of property, plant and equipment	26	(15)	313	(181)
Loss on disposal of property, plant and equipment	362	592	4,361	7,133
Provision for (reversal of) retirement benefits	16	(205)	193	(2,470)
Foreign exchange loss	(577)	(292)	(6,952)	(3,518)
Gain on insurance	222		2,675	
Losses from a natural disaster	187		2,253	
Special retirement benefits to employees	68		819	
Changes in assets and liabilities:				
Decrease (increase) in notes and accounts receivable	5,464	(1,441)	65,831	(17,361)
(Increase) decrease in inventories	(6,161)	7,889	(74,229)	95,048
Decrease in interest and dividend receivable	11		133	
Decrease in other assets	415	31	5,000	373
Increase in notes and accounts payable	1,861	5,814	22,422	70,048
Decrease in interest payable		(3)		(36)
(Decrease) increase in other liabilities	(587)	528	(7,072)	6,361
Decrease in prepaid pension expense	745	634	8,976	7,639
Total adjustments	12,017	22,525	144,783	271,385
Net cash provided by operating activities	5,457	30,840	65,747	371,566
INVESTING ACTIVITIES:				
Investment in time deposits—net	(460)	(1,034)	(5,542)	(12,458)
Proceeds from sales of property, plant and equipment	284	187	3,422	2,253
Purchases of property, plant and equipment	(13,270)	(7,537)	(159,880)	(90,807)
Other—net	(517)	(682)	(6,229)	(8,217)
Net cash used in investing activities	(13,963)	(9,066)	(168,229)	(109,229)
FORWARD	¥ (8,506)	¥ 21,774	$ (102,482)	$ 262,337

(Continued)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 2)	
	2011	2010	2011	2010
FORWARD	¥ (8,506)	¥ 21,774	$ (102,482)	$ 262,337
FINANCING ACTIVITIES:				
Repayments of long-term debt		(1,250)		(15,061)
Dividends paid	(3,060)	(3,059)	(36,867)	(36,855)
Other—net	(2)	(2)	(24)	(24)
Net cash used in financing activities	(3,062)	(4,311)	(36,891)	(51,940)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(953)	(231)	(11,482)	(2,783)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(12,521)	17,232	(150,855)	207,614
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	55,869	38,637	673,120	465,506
CHANGE OF SCOPE OF CONSOLIDATION	70		843	
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 43,418	¥ 55,869	$ 523,108	$ 673,120

See notes to consolidated financial statements.

(Concluded)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements
Years Ended March 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Under Japanese GAAP, a ***consolidated statement of comprehensive income*** is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 15.

In preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2010 consolidated financial statements to conform to the classifications used in 2011.

The consolidated financial statements as of March 31, 2011 include the accounts of the parent company (the "Company"), and its 17 significant (15 in 2010) subsidiaries (together, the "Companies"). For the year ended March 31, 2011, 2 subsidiaries, Mitsumi (Shanghai) Electronics Co., Ltd. of which materiality increases and Qingdao Mitsumi Electronics Co., Ltd. which is newly established in 2011, are included in the scope of consolidation. All material inter-company balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Companies are eliminated.

Investments in unconsolidated subsidiaries and associated companies (companies over which the Companies have the ability to exercise significant influence) are accounted for by the equity method. Investments in the remaining unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements*****—**In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No.18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; 3) expensing capitalized development costs of R&D; 4) cancellation of fair value model accounting for property, plant, and equipment and investment properties and incorporation of cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained.

c. ***Cash and Cash Equivalents*****—**Cash and cash equivalents include cash on hand and deposits in banks, including time deposits with a maturity of three months or less.

d. ***Short-term Investments*****—**Short-term investments consist of time deposits with original maturities of three months to one year.

e. ***Allowance for Doubtful Receivables—***The Company provides for possible losses in amounts considered to be appropriate based on the Companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding. Overseas subsidiaries provide for possible losses at an estimated amount of probable bad debts.

f. ***Inventories—***Finished products and work in process are stated at the lower of cost determined by the average cost method, or net selling value.

Raw materials, purchased components and supplies are stated at the most recent purchase price which approximates cost determined using the first-in, first-out method.

g. ***Property, Plant and Equipment and Depreciation—*** Property, plant and equipment are stated at cost. Significant renewals and additions are capitalized while maintenance, repairs, minor renewals and improvements are charged to income.

Depreciation of property, plant and equipment is computed using the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998, for assets held by the Company, and under the straight-line method for assets held by consolidated foreign subsidiaries, based on the estimated useful lives of the assets according to general class, type of construction and use.
The overall annual effective rates of depreciation as a percentage of acquisition cost by major category of property, plant and equipment are as follows:

	2011	2010
Buildings and structures	4.0%	4.0%
Machinery and equipment	7.8%	7.2%

The range of useful lives is from 15 to 38 years for buildings and structures, from 5 to 10 years for machinery and equipment, and from 2 to 8 years for furniture and fixtures.

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

i. ***Investment Securities—***Investment securities are classified and accounted for, depending on management`s intent, as follows: (1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and (2) available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

j. ***Other Assets—***Intangible assets are carried at cost less accumulated amortization, which is calculated by the straight-line method. Software development costs are amortized over three to five years.

k. ***Leases—*** In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain “as if capitalized” information was disclosed in the note to the lessee’s financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet.

The Company applied the revised accounting standard effective April 1, 2008.

l. ***Income Taxes—***The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations . The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

m. ***Liability for Retirement Benefits—*** The Company and certain consolidated subsidiaries have a non-contributory funded pension plan covering substantially all of their employees. Effective April 1, 2000, the Companies adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefits obligation and plan assets at the balance sheet date. Of the transitional obligation of ¥12,579 million ($151,554 thousand), ¥2,279 million ($27,458 thousand) was charged to income by way of contribution of certain available-for-sale securities to the employee retirement benefit trust. The remaining balance, ¥10,300 million ($124,096 thousand), is being amortized over 15 years except for amortization of transfer of the substitutional portion of the governmental pension program.

Certain foreign consolidated subsidiaries have unfunded retirement plans and have recorded a liability for retirement allowances at 100% of the amount which would be required if all employees voluntarily terminated their employment at the balance sheet date.

n. ***Asset Retirement Obligations—***In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No.18 “Accounting Standard for Asset Retirement Obligations” and ASBJ Guidance No.21 “Guidance on Accounting Standard for Asset Retirement Obligations”. Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010. The change had no effect on the accompanying financial statements.

o. ***Derivatives and Hedge Activities—***The Company uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Company to reduce foreign currency exchange risks. The Company does not enter into derivatives for trading or speculative purposes.

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

The foreign currency forward contracts are utilized to hedge foreign currency exposures for export sales. Trade receivables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

p. ***Foreign Currency Translations*****—**All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from the translation are recognized in the consolidated statements of operations to the extent that they are not hedged by forward exchange contracts.

q. ***Foreign Currency Financial Statements*****—**The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date except for equity, which is translated at historical rates. Differences arising from such translation are accounted for as foreign currency translation adjustments in the consolidated financial statements.

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

r. ***Per Share Information*****—**Basic net income per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the respective fiscal period.

The average number of common shares used in the computation was 87,454 thousand and 87,455 thousand for the years ended March 31, 2011 and 2010, respectively.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

s. ***New Accounting Pronouncements***
Accounting Changes and Error Corrections**—**In December 2009, ASBJ issued ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies
When a new accounting policy is applied due to a revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations
When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors
When an error in prior period financial statements is discovered, those statements are restated.
This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

2. TRANSLATION INTO U.S. DOLLARS

The Company maintains its accounts in Japanese yen, the currency of the country in which it is incorporated and principally operates. The translation of Japanese yen amounts into U.S. dollar amounts for 2011 and 2010 is included solely for the convenience of readers outside Japan and has been made at the rate of ¥83 = $1, the approximate rate of exchange at March 31, 2011. Such translation should not be construed as a representation that Japanese yen could be converted into U.S. dollars at that or any other rate.

3. INVESTMENT SECURITIES

Investment securities as of March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2011	2010	2011	2010
Marketable equity securities	¥ 69	¥ 76	$ 831	$ 916
Non-marketable equity securities	204	204	2,458	2,457
Total	¥ 273	¥ 280	$ 3,289	$ 3,373

The carrying amounts and aggregate fair values of investment securities at March 31, 2011 and 2010 were as follows:

	Millions of Yen			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥59	¥10		¥69
March 31, 2010				
Available-for-sale:				
Equity securities	¥ 59	¥17		¥76

	Thousands of U.S. Dollars			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	$711	$120		$831
March 31, 2010				
Available-for-sale:				
Equity securities	$711	$205		$916

4. INVENTORIES

Inventories at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2011	2010	2011	2010
Finished products	¥ 2,572	¥ 2,996	$ 30,988	$ 36,096
Work in process	4,137	3,229	49,843	38,904
Raw materials, purchased components and supplies	23,596	18,277	284,289	220,205
Total	¥ 30,305	¥ 24,502	$ 365,120	$ 295,205

5. SHORT-TERM BANK LOANS

The short-term bank loans at March 31, 2011 and 2010 consisted of short-term notes, generally having a maturity of 180 days, bearing an average interest rate of 0.7% per annum at March 31, 2011 and 2010.

6. LIABILITY FOR RETIREMENT BENEFITS

The Company and certain consolidated subsidiaries have severance payment plans for employees. Under the plans, employees terminating their employment are, in most circumstances, entitled to pension payments based on their average pay during their employment, length of service and certain other factors.

The liability for employees' retirement benefits at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2011	2010	2011	2010
Projected benefit obligation	¥ 27,667	¥ 25,309	$ 333,337	$ 304,928
Fair value of plan assets	(22,119)	(21,225)	(266,494)	(255,723)
Unrecognized transitional obligation	(1,465)	(1,831)	(17,651)	(22,060)
Unrecognized actuarial loss	(6,337)	(5,236)	(76,349)	(63,085)
Prepaid pension expense	2,861	3,606	34,470	43,446
Net retirement benefit obligation	¥ 607	¥ 623	$ 7,313	$ 7,506

The components of net periodic benefit costs for the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2011	2010	2011	2010
Service cost	¥ 1,504	¥ 1,517	$ 18,120	$ 18,277
Interest cost	644	628	7,759	7,566
Expected return on plan assets	(409)	(340)	(4,928)	(4,096)
Amortization of transitional obligation	366	366	4,410	4,410
Amortization of actuarial gain/loss	1,138	1,316	13,711	15,855
Net periodic benefit costs	¥ 3,243	¥ 3,487	$ 39,072	$ 42,012

Assumptions used for the years ended March 31, 2011 and 2010 are set forth as follows:

	2011	2010
Discount rate	mainly 2.0%	mainly 2.5%
Expected rate of return on plan assets	mainly 2.0%	mainly 2.0%
Amortization period of transitional obligation	15 years	15 years
Recognition period of actuarial gain/loss	10 years	10 years

7. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends
Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except

for dividends in kind) at any time during the fiscal year, if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements.

Semi-annual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. Under the Code, certain limitations were imposed on the amount of capital surplus and retained earnings available for dividends. The Companies Act also provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥ 3 million.

(b) Increases / decreases and transfer of common stock, reserve and surplus
The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights
The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

8. LOSSES FROM A NATURAL DISASTER

The Company recorded losses from a natural disaster due to aftermath of the 2011 The Great East Japan Earthquake on March 11, 2011. The detail is as follows:

March 31, 2011	Millions of yen	Thousands of U.S. dollars
Disposal of inventories and fixed asset	¥ 49	$ 590
Maintenance or repair for building and equipment	47	566
Fixed cost during suspension of operation	80	964
Others	11	133
Total	¥ 187	$ 2,253

9. INCOME TAXES

The Company is subject to corporate (national), inhabitants and enterprise (local) taxes which, in the aggregate, would normally result in an effective statutory tax rate of approximately 40.7% for the years ended March 31, 2011 and 2010.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2011	2010	2011	2010
Deferred tax assets—current:				
Non-deductible portion of bonuses	¥ 550	¥ 626	$ 6,627	$ 7,542
Non-deductible loss on valuation of inventories	481	285	5,795	3,434
Foreign tax credits	449	188	5,410	2,265
Accrued expense	308	350	3,711	4,217

Loss on disposal of fixed assets		19		229
Loss carried forward	451		5,434	
Others	371	674	4,469	8,120
Total deferred tax assets	2,610	2,142	31,446	25,807
Less valuation allowance	(10)	(2)	(121)	(24)
Deferred tax assets, net of valuation allowance	2,600	2,140	31,325	25,783
Deferred tax liabilities	(17)	(21)	(205)	(253)
Net current deferred tax assets	¥ 2,583	¥ 2,119	$ 31,120	$ 25,530

Deferred tax liabilities-current:				
Reserve for reduction of fixed assets	¥ (17)	¥ (21)	$ (205)	$ (253)
Total deferred tax liabilities	(17)	(21)	(205)	(253)
Deferred tax assets	17	21	205	253
Net current deferred tax liabilities	¥	¥	$	$

	Millions of Yen		Thousands of U.S. Dollars	
	2011	2010	2011	2010
Deferred tax assets—non-current:				
Loss on impairment of long-lived assets	¥89	¥ 182	$ 1,072	$ 2,193
Loss carried forward	3,447	307	41,530	3,699
Depreciation and amortization	640	537	7,711	6,470
Allowance for retirement benefits	92	111	1,108	1,337
Other	659	712	7,941	8,579
Total deferred tax assets	4,927	1,849	59,362	22,278
Less valuation allowance	(740)	(786)	(8,916)	(9,470)
Deferred tax assets, net of valuation allowance	4,187	1,063	50,446	12,808
Deferred tax liabilities	(1,602)	(679)	(19,301)	(8,181)
Net non-current deferred tax assets	¥ 2,585	¥ 384	$ 31,145	$ 4,627
Deferred tax liabilities—non-current:				
Undistributed earnings of subsidiaries	¥ (1,092)	¥ (1,585)	$ (13,157)	$ (19,096)
Valuation loss on subsidiaries' stock	(204)	(204)	(2,458)	(2,458)
Prepaid pension expense	(1,164)	(1,467)	(14,024)	(17,675)
Reserve for reduction of fixed assets	(230)	(247)	(2,771)	(2,976)
Others	(9)	(13)	(108)	(157)
Total deferred tax liabilities	(2,699)	(3,516)	(32,518)	(42,362)
Deferred tax assets	1,602	679	19,301	8,181
Net non-current deferred tax liabilities	¥ (1,097)	¥ (2,837)	$ (13,217)	$ (34,181)

The reconciliation between the normal effective statutory tax rate for the year ended March 31, 2010 and the actual effective tax rate reflected in the accompanying consolidated statements of operations is as follows:

	2010
Normal effective statutory tax rate	40.7%
Expenses not deductible for tax purposes	0.4
Undistributed earnings of subsidiaries	6.8
A reconciliation between the normal effective statutory tax rate and the effective tax rates in subsidiaries	(16.5)
Less valuation allowance	1.6
Special deduction of income taxes	(2.2)
Other—net	(1.8)
Actual effective tax rate	29.0%

Due to loss before income taxes, there is no data for the year ended March 31, 2011.

Certain consolidated subsidiaries have tax loss carryforwards for corporate tax purposes of approximately ¥1,697 million ($20,446 thousand), which are available to be offset against taxable income of such subsidiaries in future years. These loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥	$
2013 and thereafter	1,697	20,446
Total	¥ 1,697	$ 20,446

10. LEASES

The Companies lease office spaces, certain computer equipment and other assets. Total rental expenses including lease payments under finance leases for the years ended March 31, 2011 and 2010 were ¥652 million ($7,855 thousand) and ¥848 million ($10,217 thousand), respectively.

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

ASBJ Statement No.13, “Accounting Standard for Lease Transactions” requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee whose lease inception was before March 31, 2008 to be accounted for as operating lease transactions if certain “as if capitalized” information is disclosed in the note to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 was as follows:

	Millions of Yen			
	March 31, 2011			
	Machinery and Equipment	Furniture and Fixtures	Other	Total
Acquisition cost	¥ 56	¥192	¥12	¥260
Accumulated depreciation	38	142	9	189
Net leased property	¥18	¥50	¥3	¥71

	Thousands of U.S. Dollars			
	March 31, 2011			
	Machinery and	Furniture and	Other	Total

	Equipment	Fixtures		
Acquisition cost	$ 675	$ 2,313	$ 145	$ 3,133
Accumulated depreciation	458	1,711	108	2,277
Net leased property	$217	$602	$37	$ 856

	Millions of Yen			
	March 31, 2010			
	Machinery and Equipment	Furniture and Fixtures	Other	Total
Acquisition cost	¥ 56	¥ 273	¥ 19	¥ 348
Accumulated depreciation	28	175	13	216
Net leased property	¥ 28	¥ 98	¥ 6	¥ 132

	Thousands of U.S. Dollars			
	March 31, 2010			
	Machinery and Equipment	Furniture and Fixtures	Other	Total
Acquisition cost	$ 674	$ 3,289	$ 229	$4,192
Accumulated depreciation	337	2,108	157	2,602
Net leased property	$ 337	$ 1,181	$ 72	$ 1,590

Obligations under finance leases as of March 31, 2011 and 2010 are due as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2011	2010	2011	2010
Due within one year	¥ 40	¥ 61	$ 482	$ 735
Due after one year	31	71	373	855
Total	¥ 71	¥ 132	$ 855	$ 1,590

The amount of acquisition cost obligations under finance leases includes the imputed interest expense portion. In Japan, a computation of interest expense for finance leases on an "as if capitalized" basis is not required unless such amount is deemed material.

Depreciation expense computed by the straight-line method, which is not reflected in the accompanying consolidated statements of operations for the years ended March 31, 2011 and 2010 totalled ¥61 million ($735 thousand) and ¥83 million ($1,000 thousand), respectively.

11. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March 2008, the ASBJ revised ASBJ Statement No. 10 “Accounting Standard for Financial Instruments” and issued ASBJ Guidance No.19 “Guidance on Accounting Standard for Financial Instruments and Related Disclosures”. This accounting standard and the guidance were applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Companies applied the revised accounting standard and the guidance effective March 31, 2010.

(1) Policy for financial instruments

The Company uses financial instruments, short-term funds including bank loans, transfer of receivables and electronic commercial paper, long-term funds including bond and bank loans. Derivatives are used, not for speculative purposes, but to reduce the risk of fluctuation in exchange rates.

(2) Nature and extent of risks arising from financial instruments
Deposits are exposed to bank credit risk.
Operating receivables such as notes receivable and accounts receivable trade are exposed to customer credit risk. Receivables in foreign currencies and deposits in foreign currencies are exposed to the risk of fluctuation in exchange rates.
The payment term of operating payables such as trade notes payable and accounts payable trade are less than one year. Payables in foreign currencies are exposed to the risk of fluctuation in exchange rates.
Marketable and contribution securities are exposed to the risk of market price fluctuations.

(3) Risk management for financial instruments
(i) Credit risk management
The Company manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment term and balances of major customers by each business administration department to identify the default risk of customers at an early stage.
(ii) Market risk management (foreign exchange risk and interest rate risk)
Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. The Company monitors fluctuations in each currency every month.
The Company checks the market price of marketable and contribution securities and monitors market price fluctuations.
(iii) Liquidity risk management
Liquidity risk comprises the risk that the Company cannot meet its contractual obligations in full on maturity dates. The Company completes or updates annual cash management plans every six months. In case financing is needed, the Company chooses from among several financing methods. In addition, in order to manage cash, the Company compares actual cash management with cash management plans every month. In case where the Company estimates a shortage of cash due to unexpected demands of funds, the Company addresses the shortage in advance using financial method for short-term funds such as transfer of receivables, electronic commercial paper and commitment line.

(4) Supplemental remarks for fair values of financial instruments
Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used. These techniques take into account variable factors, therefore prices can fluctuate when different preconditions were used.

(5) Concentration of credit risk
54.4% of total receivables are from one major customer of the Companies as of March 31, 2011.

Fair value of financial instruments

	Millions of yen		
March 31, 2011	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 43,418	¥ 43,418	
Short-term investments	1,698	1,698	
Note receivables	165	165	
Accounts receivables	63,460	63,460	
Investment securities	69	69	
Total	¥108,810	¥ 108,810	
Short-term bank loans	¥ 5,072	¥ 5,072	
Note payables	2,123	2,123	
Accounts payables	33,991	33,991	
Total	¥ 41,186	¥ 41,186	

	Millions of yen		
March 31, 2010	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 55,869	¥ 55,869	
Short-term investments	1,378	1,378	

Note receivables	424	424	
Accounts receivables	69,155	69,155	
Investment securities	76	76	
Total	¥126,902	¥ 126,902	
Short-term bank loans	¥ 5,675	¥ 5,675	
Note payables	1,989	1,989	
Accounts payables	32,726	32,726	
Total	¥ 40,390	¥ 40,390	

	Thousands of U.S. Dollars		
March 31, 2011	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	$ 523,108	$ 523,108	
Short-term investments	20,458	20,458	
Note receivables	1,988	1,988	
Accounts receivables	764,578	764,578	
Investment securities	831	831	
Total	$1,310,963	$1,310,963	
Short-term bank loans	$ 61,108	$ 61,108	
Note payables	25,578	25,578	
Accounts payables	409,530	409,530	
Total	$ 496,216	$ 496,216	

	Thousands of U.S. Dollars		
March 31, 2010	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	$ 673,120	$ 673,120	
Short-term investments	16,602	16,602	
Note receivables	5,108	5,108	
Accounts receivables	833,193	833,193	
Investment securities	917	917	
Total	$1,528,940	$1,528,940	
Short-term bank loans	$ 68,373	$ 68,373	
Note payables	23,964	23,964	
Accounts payables	394,289	394,289	
Total	$ 486,626	$ 486,626	

Financial instruments whose fair value cannot be reliably determined

	Carrying amount	
March 31, 2011	Millions of Yen	Thousands of U.S. Dollars
Investments in equity instruments that do not have a quoted market price in an active market	¥403	$ 4,855

	Carrying amount	
March 31, 2010	Millions of Yen	Thousands of U.S. Dollars

Investments in equity instruments that do not have a quoted market price in an active market	¥403	$ 4,855

Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
March 31, 2011	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥ 43,418			
Short-term investments	1,698			
Note receivables	165			
Accounts receivables	63,460			
Total	¥108,741			

	Thousands of U.S. Dollars			
March 31, 2011	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	$ 523,108			
Short-term investments	20,458			
Note receivables	1,988			
Accounts receivables	764,578			
Total	$ 1,310,132			

12. SEGMENT INFORMATION

For the year ended March 31, 2011 and 2010

In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No.20 "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.
The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

1. Description of reportable segments
The Companies operate within one business segment, which is the manufacturing and sale of electronic parts.

2. Related information
(1) Information about products and services

Millions of Yen						
2011						
Semi-conductor	Optical device	Mechanical parts	High-frequency	Power supply	Information and	Total

	device			parts	parts	telecommu-nication equipment	
Sales to external customers	¥ 34,942	¥ 13,759	¥ 83,523	¥ 30,979	¥ 19,407	¥ 4,809	¥ 187,419

	Thousands of U.S. Dollars						
	2011						
	Semi-conductor device	Optical device	Mechanical parts	High-frequency parts	Power supply parts	Information and telecommu-nication equipment	Total
Sales to external customers	$ 420,988	$ 165,771	$ 1,006,301	$ 373,241	$ 233,819	$ 57,940	$ 2,258,060

(2) Information about geographical areas

(a) Sales

Millions of Yen				
2011				
Japan	Asia	Europe	North America	Total
¥ 100,701	¥ 81,205	¥ 3,918	¥ 1,595	¥ 187,419

Thousands of U.S. Dollars				
2011				
Japan	Asia	Europe	North America	Total
$ 1,213,265	$ 978,373	$ 47,205	$ 19,217	$ 2,258,060

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

(b) Property, plant and equipment

Millions of Yen			
2011			
Japan	Asia	Others	Total
¥ 26,976	¥ 12,659	¥ 180	¥ 39,815

Thousands of U.S. Dollars			
2011			
Japan	Asia	Others	Total
$ 325,012	$ 152,518	$ 2,169	$ 479,699

(3) Information about major customers

	Millions of Yen	
	2011	
Name of customers	Sales	Related segment name
Nintendo Co., Ltd.	¥ 58,678	―

	Thousands of U.S. Dollars	
	2011	
Name of customers	Sales	Related segment name
Nintendo Co., Ltd.	$ 706,964	―

Note: There is one reportable segment and no report segment information, so related segment name is not listed.

For the year ended March 31, 2010

(1) Operations in Different Industries

The Companies operate within one business segment, which is the manufacturing and sale of electronic part.

(2) Foreign Operations by Geographic Area

The foreign operations of the Companies for the year ended March 31, 2010 are summarized as follows:

	Millions of Yen					
	March 31, 2010					
	Japan	Asia	Europe	North America	Eliminations /Corporate	Consolidated
Sales:						
Outside customers	¥ 128,659	¥ 75,997	¥ 2,107	¥ 773	¥	¥ 207,536
Inter-area	65,192	109,173	36	453	(174,854)	
Total	193,851	185,170	2,143	1,226	(174,854)	207,536
Operating expenses	191,924	177,694	2,054	1,203	(174,756)	198,119
Operating income (loss)	¥ 1,927	¥ 7,476	¥ 89	¥ 23	¥ (98)	¥ 9,417
Assets	¥ 177,986	¥ 70,157	¥ 1,467	¥ 1,822	¥ (48,861)	¥ 202,571

	Thousands of U.S. Dollars					
	March 31, 2010					
	Japan	Asia	Europe	North America	Eliminations/ Corporate	Consolidated
Sales:						
Outside customers	$ 1,550,108	$ 915,627	$ 25,386	$ 9,313	$	$ 2,500,434
Inter-area	785,446	1,315,337	434	5,458	(2,106,675)	
Total	2,335,554	2,230,964	25,820	14,771	(2,106,675)	2,500,434
Operating expenses	2,312,337	2,140,892	24,747	14,494	(2,105,494)	2,386,976
Operating income (loss)	$ 23,217	$ 90,072	$ 1,073	$ 277	$ (1,181)	$ 113,458
Assets	$ 2,144,409	$ 845,265	$ 17,675	$ 21,952	$ (588,687)	$ 2,440,614

(3) Sales to Foreign Customers

Sales to foreign customers for the year ended March 31, 2010 amounted to ¥85,718 million ($1,032,747 thousand).

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥13,393 million ($161,361 thousand) and ¥14,376 million ($173,205 thousand) for the years ended March 31, 2011 and 2010, respectively.

14. DERIVATIVES

The Company enters into derivatives, in the ordinary course of business, to reduce the exposure to fluctuations in foreign exchange rates. The primary classes of derivatives used by the Company are foreign currency forward contracts and the Company does not hold or issue derivatives for trading purposes.

Most of the Company's derivative transactions are related to qualified hedges of underlying business exposures. Since the counterparties to those derivatives are limited to major international financial institutions, the Company does not anticipate any losses arising from credit risk.

Derivative transactions are approved by the Chief Financial Officer and the execution and control of derivatives are controlled by the Financial Department. Each derivative transaction is periodically reported to management, where evaluation and analysis of derivatives and hedge effectiveness are made.

Forward exchange contracted amounts which are assigned to associated assets are reflected on the consolidated balance sheet at year end, and they are not subject to disclosure of market value information.

15. COMPREHENSIVE INCOME

For the year ended March 31, 2010

Total comprehensive income for the year ended March 31, 2010 was the following:

	2010	
	Million of Yen	Thousands of U.S. Dollars
Total comprehensive income attributable to:		
Owners of the parent	¥ 5,224	$ 62,939
Minority interests		
Total comprehensive income	¥ 5,224	$ 62,939

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

	2010	
	Million of Yen	Thousands of U.S. Dollars
Other comprehensive income:		
Unrealized gain on available-for-sale securities	¥ 11	$ 132
Foreign currency translation adjustments	(689)	(8,301)
Total other comprehensive income	¥ (678)	$ (8,169)

16. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2011 and 2010 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars

Year Ended 31st March, 2011	Net Income (loss)	Weighted-average Shares	EPS	
Basic EPS—Net loss available to common shareholders	¥ (3,541)	87,453	¥ (40.49)	$(0.49)

Year Ended 31st March, 2010				
Basic EPS—Net income available to common shareholders	¥ 5,902	87,455	¥ 67.48	$0.81

Diluted net income per share is not disclosed because there are no dilutive securities for the years ended March 31, 2011 and 2010.

17. SUBSEQUENT EVENTS

The following appropriations of retained earnings as of March 31, 2011 were approved at the Company's shareholders meeting held on June 24, 2011:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥20 ($0.24) per share	¥ 1,749	$ 21,072

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Mitsumi Electric Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Mitsumi Electric Co., Ltd. (the "Company") and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of operations for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mitsumi Electric Co., Ltd. and consolidated subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 24, 2011