Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2013, and Independent Auditor's Report

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheet
March 31, 2013

ASSETS	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 2) 2013	Thousands of U.S. Dollars (Note 2) 2012
CURRENT ASSETS:				
Cash and cash equivalents (Note 14)	¥ 45,365	¥ 56,959	$ 482,606	$ 605,947
Short-term investments (Note 14)	542	1,219	5,766	12,968
Trade receivables (Note 14):				
Notes	730	797	7,766	8,479
Accounts	33,720	39,957	358,723	425,074
Allowance for doubtful receivables	(48)	(34)	(511)	(362)
Inventories (Note 5)	29,136	20,735	309,957	220,585
Deferred tax assets (Note 13)	94	533	1,000	5,670
Prepaid expenses and other current assets	2,424	1,723	25,788	18,330
Total current assets	111,963	121,889	1,191,095	1,296,691
PROPERTY, PLANT AND EQUIPMENT(Note 10):				
Land	5,684	5,637	60,468	59,968
Buildings and structures	27,499	26,712	292,543	284,170
Machinery and equipment	77,617	78,074	825,713	830,575
Furniture and fixtures	39,944	38,695	424,936	411,649
Construction in progress	1,905	868	20,266	9,234
Total	152,649	149,986	1,623,926	1,595,596
Accumulated depreciation	(127,643)	(125,542)	(1,357,904)	(1,335,553)
Net property, plant and equipment	25,006	24,444	266,022	260,043
INVESTMENTS AND OTHER ASSETS:				
Investments in unconsolidated subsidiaries	50	50	532	532
Investment securities (Notes 4 and 14)	734	542	7,809	5,766
Software (Note 10)	462	283	4,915	3,011
Deferred tax assets (Note 13)	319	2,445	3,394	26,011
Prepaid pension expense	876	1,808	9,319	19,234
Long-term receivables and other assets (Note 10)	1,202	1,199	12,786	12,755
Total investments and other assets	3,643	6,327	38,755	67,309
TOTAL	¥ 140,612	¥ 152,660	$1,495,872	$1,624,043

(Continued)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheet
March 31, 2013

LIABILITIES AND EQUITY	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 2) 2013	Thousands of U.S. Dollars (Note 2) 2012
CURRENT LIABILITIES:				
Short-term bank loans (Notes 6 and 14)	¥ 5,737	¥ 5,014	$ 61,032	$ 53,340
Trade payables (Note 14):				
Notes	1,494	1,248	15,894	13,277
Accounts	19,030	22,284	202,447	237,064
Income taxes payable	318	184	3,383	1,957
Accrued expenses	6,163	4,456	65,564	47,404
Other current liabilities	3,911	8,674	41,606	92,277
Total current liabilities	36,653	41,860	389,926	445,319
LONG-TERM LIABILITIES:				
Liability for retirement benefits (Note 7)	811	707	8,628	7,521
Deferred tax liabilities (Note 13)	1,416	786	15,064	8,362
Long-term payable	95	205	1,011	2,181
Other liabilities	115	14	1,222	149
Total long-term liabilities	2,437	1,712	25,925	18,213
Total liabilities	39,090	43,572	415,851	463,532
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 17)				
EQUITY (Note 8):				
Common stock—authorized, 200,000,000 shares; issued, 87,498,119 shares in 2013 and 2012	39,890	39,890	424,362	424,362
Capital surplus	43,252	43,252	460,128	460,128
Retained earnings	30,533	42,078	324,819	447,638
Treasury stock—at cost (46,036 shares in 2013 and 45,652 shares in 2012)	(92)	(91)	(979)	(968)
Accumulated other comprehensive income:				
Net unrealized gain on available-for-sale securities	29	6	309	64
Foreign currency translation adjustments	(12,090)	(16,047)	(128,618)	(170,713)
Total equity	101,522	109,088	1,080,021	1,160,511
TOTAL	¥ 140,612	¥ 152,660	$ 1,495,872	$1,624,043

See notes to consolidated financial statements.

(Concluded)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Operations
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 2)	
	2013	2012	2013	2012
NET SALES (Note 15)	¥ 152,099	¥ 167,208	$ 1,618,074	$ 1,778,809
COST OF SALES (Note 16)	145,947	164,244	1,552,628	1,747,277
Gross profit	6,152	2,964	65,446	31,532
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	10,534	11,321	112,064	120,436
Operating loss	(4,382)	(8,357)	(46,618)	(88,904)
OTHER INCOME (EXPENSES):				
Interest income	125	112	1,330	1,191
Interest expense	(42)	(40)	(447)	(426)
Loss on disposal of property, plant and equipment	(252)	(274)	(2,681)	(2,915)
Foreign exchange gain	1,919	390	20,415	4,149
Special retirement benefits to employees (Note 11)	(557)	(5,210)	(5,926)	(55,426)
Loss on impairment of long-lived assets and intangible assets (Note 10)	(611)	(12,685)	(6,500)	(134,947)
Loss from a disaster (Note 9)	(2,207)		(23,479)	
Business restructuring cost (Note 12)	(1,577)		(16,777)	
Other—net	(522)	246	(5,552)	2,618
Other income (expenses)—net	(3,724)	(17,461)	(39,617)	(185,756)
LOSS BEFORE INCOME TAXES	(8,106)	(25,818)	(86,235)	(274,660)
INCOME TAXES (Note 13):				
Current	216	644	2,298	6,851
Deferred	3,223	1,874	34,286	19,936
Total income taxes	3,439	2,518	36,584	26,787
NET LOSS	¥ (11,545)	¥ (28,336)	$ (122,819)	$ (301,447)

(Continued)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Operations
Year Ended March 31, 2013

	Yen		U.S. Dollars (Note 2)	
	2013	2012	2013	2012
PER SHARE OF COMMON STOCK (Notes 1.r and 19):				
Net loss	¥ (132.02)	¥(324.01)	$ (1.40)	$ (3.45)
Cash dividends applicable to the year		20.00		0.21

See notes to consolidated financial statements.

(Concluded)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 2)	
	2013	2012	2013	2012
NET LOSS	¥ (11,545)	¥ (28,336)	$ (122,819)	$ (301,447)
OTHER COMPREHENSIVE INCOME (Note 18):				
Net unrealized gain on available-for-sale securities	23		245	
Foreign currency translation adjustments	3,957	(487)	42,095	(5,181)
Total other comprehensive income	3,980	(487)	42,340	(5,181)
COMPREHENSIVE INCOME (Note 18)	¥ (7,565)	¥ (28,823)	$ (80,479)	$ (306,628)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 18):				
Owners of the parent	¥ (7,565)	¥ (28,823)	$ (80,479)	$ (306,628)

See note to consolidated financial statements.

(Concluded)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended March 31, 2013

		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, 2011	87,498,119	¥ 39,890	¥ 43,252	¥ 72,163	¥ (91)	¥ 6	¥ (15,560)	¥ 139,660
Net loss				(28,336)				(28,336)
Cash dividends, ¥ 20 per share				(1,749)				(1,749)
Treasury stock acquired—net (813 shares)								
Net change in the year							(487)	(487)
BALANCE, MARCH 31, 2012	87,498,119	¥ 39,890	¥ 43,252	¥ 42,078	¥ (91)	¥ 6	¥(16,047)	¥109,088
Net loss				(11,545)				(11,545)
Treasury stock acquired—net (384 shares)					(1)			(1)
Net change in the year						23	3,957	3,980
BALANCE, MARCH 31, 2013	87,498,119	¥ 39,890	¥ 43,252	¥ 30,533	¥ (92)	¥ 29	¥(12,090)	¥ 101,522

(Continued)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries
Consolidated Statement of Changes in Equity
Year Ended March 31 , 2013

	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, 2011	$ 424,362	$ 460,128	$767,691	$ (968)	$ 64	$(165,532)	$1,485,745
Net loss			(301,447)				(301,447)
Cash dividends, $0.21 per share			(18,606)				(18,606)
Treasury stock acquired—net (813 shares)							
Net change in the year						(5,181)	(5,181)
BALANCE, MARCH 31, 2012	$ 424,362	$ 460,128	$447,638	$ (968)	$ 64	$ (170,713)	$1,160,511
Net loss			(122,819)				(122,819)
Treasury stock acquired—net (384 shares)				(11)			(11)
Net change in the year					245	42,095	42,340
BALANCE, MARCH 31, 2013	$ 424,362	$ 460,128	$324,819	$ (979)	$ 309	$(128,618)	$1,080,021

See notes to consolidated financial statements.

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 2)	
	2013	2012	2013	2012
OPERATING ACTIVITIES:				
Loss before income taxes	¥(8,106)	¥(25,818)	$(86,235)	$(274,660)
Adjustments for:				
Income taxes—paid	(227)	(935)	(2,415)	(9,947)
Income taxes—refunded	4	342	43	3,638
Depreciation and amortization	6,852	10,299	72,894	109,564
Loss on impairment of long-lived assets and intangible assets	611	12,685	6,500	134,947
Provision for (reversal of) allowance for doubtful receivables—net	133	(140)	1,415	(1,489)
Gain on sales of property, plant and equipment	(116)	(213)	(1,234)	(2,266)
Loss on disposal of property, plant and equipment	252	274	2,681	2,915
(Reversal of) provision for retirement benefits	(9)	93	(96)	989
Foreign exchange loss (gain)	768	(21)	8,170	(223)
Special retirement benefits to employees	(5,039)	5,033	(53,606)	53,543
Losses from a disaster	1,899		20,202	
Business restructuring cost	1,139		12,117	
Changes in assets and liabilities:				
Decrease in notes and accounts receivable	7,734	23,002	82,277	244,702
(Increase) decrease in inventories	(8,872)	9,559	(94,383)	101,691
(Increase) decrease in interest and dividend receivable	(11)	1	(117)	11
Decrease in other assets	498	97	5,299	1,032
Decrease in notes and accounts payable	(4,339)	(12,771)	(46,160)	(135,862)
Increase (decrease) in other liabilities	68	(52)	723	(553)
Decrease in prepaid pension expense	936	1,053	9,957	11,202
Total adjustments	2,281	48,306	24,267	513,894
Net cash (used in) provided by operating activities	(5,825)	22,488	(61,968)	239,234
INVESTING ACTIVITIES:				
Investment in time deposits—net	746	421	7,936	4,479
Proceeds from sales of property, plant and equipment	240	538	2,553	5,723
Purchases of property, plant and equipment	(8,267)	(7,738)	(87,947)	(82,319)
Other—net	(501)	(283)	(5,329)	(3,011)
Net cash used in investing activities	(7,782)	(7,062)	(82,787)	(75,128)
FORWARD	¥(13,607)	¥ 15,426	$ (144,755)	$ 164,106

(Continued)

Mitsumi Electric Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 2)	
	2013	2012	2013	2012
FORWARD	¥(13,607)	¥ 15,426	$ (144,755)	$ 164,106
FINANCING ACTIVITIES:				
Dividends paid	(5)	(1,753)	(53)	(18,649)
Net cash used in financing activities	(5)	(1,753)	(53)	(18,649)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	2,018	(132)	21,467	(1,404)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(11,594)	13,541	(123,341)	144,053
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	56,959	43,418	605,947	461,894
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 45,365	¥ 56,959	$ 482,606	$ 605,947

See notes to consolidated financial statements.

(Concluded)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Basis of Presentation of Consolidated Financial Statements*—**The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance 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.

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.

The consolidated financial statements as of March 31, 2013, include the accounts of Mitsumi Electric Co., Ltd., the parent company (the "Company"), and its 17 significant (17 in 2012) subsidiaries (together, the "Companies").

Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in unconsolidated subsidiary are accounted for by the equity method. Investments in the remaining unconsolidated subsidiary are stated at cost. If the equity method of accounting had been applied to the investments in this company, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Companies are also eliminated.

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 that 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. However, 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, except for the following items which 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 Research and development; 4) cancellation of fair value model accounting for property, plant and equipment and investment properties and incorporation of cost model accounting; and 5) exclusion of minority interests from net income, if contained in net income.

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 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 that approximates cost, determined by 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:

	2013	2012
Buildings and structures	3.1%	3.7%
Machinery and equipment	5.1%	7.6%

The range of useful lives is principally 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. The useful lives for lease assets are the terms of the respective leases.

h. ***Long-Lived Assets and Intangible Assets***—The Companies review their long-lived assets and intangible 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 is 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: 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. ***Research and Development Costs***—Research and development costs are charged to income as incurred.

l. ***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 by recognizing lease assets and lease obligations in the balance sheet.

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

m. ***Income Taxes*—**The provision for income taxes is computed based on the pretax income included in the consolidated statement 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.

n. ***Liability for Retirement Benefits*—**The Company and certain consolidated subsidiaries have a noncontributory 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 benefit obligations and plan assets at the consolidated balance sheet date. Of the transitional obligation of ¥12,579 million ($133,819 thousand), ¥2,279 million ($24,245 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 ($109,574 thousand), is being amortized over 15 years except for amortization of the transfer of a 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.

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 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 statement of operations and (b) for derivatives used for hedging purposes, if such 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 consolidated balance sheet date. The foreign exchange gains and losses from the translation are recognized in the consolidated statement 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 shown as "Foreign Currency translation adjustments" under accumulated other comprehensive income in a separate component equity.

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 87,452 thousand and 87,453 thousand for the years ended March 31, 2013 and 2012, respectively.

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

s. ***Accounting Changes and Error Corrections—***In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:
(1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.
(2) Changes in Presentation—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.

t. ***New Accounting Pronouncements***

Accounting Standard for Retirement Benefits—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) Treatment in the balance sheet

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) Treatment in the statement of operations and the statement of comprehensive income

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(c)Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company expects to apply the revised accounting standard for (a) and (b) above from the end of the annual period beginning on April 1, 2013, and for (c) above from the beginning of the annual period beginning on April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

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 2013 and 2012, is included solely for the convenience of readers outside Japan and has been made at the rate of ¥94 = $1, the approximate rate of exchange as of March 31, 2013. 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. CHANGE OF ACCOUNTING POLICY THAT IS NOT EASILY DISTINGUISHED FROM CHANGE OF ACCOUNTING ESTIMATE

Effective April 1, 2012, as a result of the revision of Japanese corporate tax law, the Company changed its depreciation method for property, plant and equipment acquired on or after April 1, 2012, to the method stipulated under the revised corporate tax law.
The effect of this change was immaterial.

4. INVESTMENT SECURITIES

Investment securities as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2013	2012	2013	2012
Marketable equity securities	¥ 42	¥ 39	$ 447	$ 415
Non marketable equity securities	692	503	7,362	5,351
Total	¥734	¥542	$ 7,809	$ 5,766

The costs and aggregate fair values of investment securities as of March 31, 2013 and 2012, were as follows:

	Millions of Yen			
March 31, 2013	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥29	¥13		¥42
March 31, 2012				
Available-for-sale:				
Equity securities	¥ 29	¥10		¥39

March 31, 2013	Thousands of U.S. Dollars Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	$309	$138		$447
March 31, 2012				
Available-for-sale:				
Equity securities	$309	$106		$415

The proceeds, realized gains and realized losses of the available-for-sale securities that were sold during the year ended March 31, 2012 is as follows:

March 31, 2012	Millions of Yen Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 31	¥ 1	
Total	¥ 31	¥ 1	

March 31, 2012	Thousands of U.S. Dollars Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	$ 330	$ 11	
Total	$ 330	$ 11	

5. INVENTORIES

Inventories as of March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2013	2012	2013	2012
Finished products	¥ 2,452	¥ 1,886	$ 26,085	$ 20,064
Work in process	6,513	4,546	69,287	48,362
Raw materials, purchased components and supplies	20,171	14,303	214,585	152,159
Total	¥ 29,136	¥ 20,735	$ 309,957	$ 220,585

6. SHORT-TERM BANK LOANS

Short-term bank loans as of March 31, 2013 and 2012, consisted of short-term notes, generally having a maturity of 180 days, bearing an average interest rate of 0.7% and 0.9% per annum as of March 31, 2013 and 2012, respectively.

7. 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 as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2013	2012	2013	2012
Projected benefit obligation	¥ 29,105	¥ 29,874	$ 309,628	$ 317,809
Fair value of plan assets	(25,059)	(23,128)	(266,585)	(246,043)
Unrecognized transitional obligation	(732)	(1,098)	(7,787)	(11,681)
Unrecognized prior service cost	1,117		11,883	
Unrecognized actuarial loss	(4,496)	(6,749)	(47,830)	(71,798)
Prepaid pension expense	876	1,808	9,319	19,234
Net retirement benefit obligation	¥ 811	¥ 707	$ 8,628	$ 7,521

The components of net periodic benefit costs for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2013	2012	2013	2012
Service cost	¥ 1,457	¥ 1,587	$ 15,500	$ 16,883
Interest cost	506	566	5,383	6,021
Expected return on plan assets	(451)	(428)	(4,798)	(4,553)
Amortization of transitional obligation	366	366	3,894	3,894
Amortization of prior service cost	(113)		(1,202)	
Amortization of actuarial gain/loss	1,034	1,167	11,000	12,415
Net periodic retirement benefit costs	¥ 2,799	¥ 3,258	$ 29,777	$ 34,660

Assumptions used for the years ended March 31, 2013 and 2012, are set forth as follows:

	2013	2012
Discount rate	Mainly 1.5%	Mainly 1.7%
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 prior service cost	10 years	
Recognition period of actuarial gain/loss	10 years	10 years

8. 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 an Audit & Supervisory Board , 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 (noncash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual 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. The Companies Act 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 an additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until 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.

9. LOSSES FROM A DISASTER

For the year ended March 31, 2013
The Companies recorded losses from a disaster due to Anti-Japan demonstration in China. The details are as follows:

March 31, 2013	Millions of Yen	Thousands of U.S. Dollars
Disposal of inventories and fixed asset	¥ 1,273	$ 13,543
Maintenance or repair for building and equipment	383	4,074
Fixed cost during suspension of operation and special restoration cost	551	5,862
Total	¥ 2,207	$ 23,479

In addition, the receipts of insurance proceeds from insuring of damage insurance are not recorded since amounts to be received are still not decided.

10. LONG-LIVED ASSETS AND INTANGIBLE ASSETS

For the year ended March 31, 2013
The Companies reviewed their long-lived assets and intangible assets for impairment as of March 31, 2013. As a result, the Companies recognized an impairment loss of ¥611 million ($6,500 thousand) for certain assets used for business in the Company and certain subsidiaries, from which the Companies no longer expect to gain the cash flows expected at the time of investment, and certain idle assets, for which the market value declined. The carrying amount of these assets was written down to the recoverable amount for the year ended March 31, 2013

March 31, 2013	Millions of Yen	Thousands of U.S. Dollars
Buildings and structures	¥ 107	$1,138
Machinery and equipment	178	1,894
Furniture and fixtures	200	2,128
Construction in progress	96	1,021

Intangible assets and others	30	319
Total	¥ 611	$6,500

For assets used for business, the Companies identify each department in terms of consolidation as the basic unit for grouping assets. For idle assets, the Companies identify each idle asset as the unit for assessment.

The recoverable amount of the assets used in business was measured at their value in use or their net selling price. As a result, the recoverable amount was measured as zero value since estimated future cash flows, the basis for calculation of value in use, were negative at the time and a reasonabe calculation of net selling price by each asset was difficult.

For the year ended March 31, 2012

The Companies reviewed their long-lived assets and intangible assets for impairment as of March 31, 2012. As a result, the Companies recognized an impairment loss of ¥12,685 million ($134,947 thousand) for certain assets used for business in the Company and certain subsidiaries, from which the Companies no longer expect to gain the cash flows expected at the time of investment, and certain idle assets, for which the market value declined. The carrying amounts of these assets were written down to the recoverable amounts for the year ended March 31, 2012.

March 31, 2012	Millions of Yen	Thousands of U.S. Dollars
Land	¥ 42	$ 447
Buildings and structures	3,225	34,309
Machinery and equipment	6,321	67,245
Furniture and fixtures	2,390	25,426
Intangible assets and others	707	7,520
Total	¥ 12,685	$ 134,947

The Companies changed the grouping method of assets used for business in 2012 to evaluate assets more appropriately. Prior to 2012, the Companies had identified each department and subsidiary as the basic unit for grouping of assets. Effective 2012, the Companies identify each department in terms of consolidation as the basic unit for grouping of assets.

The recoverable amount of the assets used in business was measured at their value in use. As a result, the recoverable amount was measured as zero value since estimated future cash flows, the basis for calculation of value in use are negative at this time.
For the idle assets (Land) , the recoverable amount was measured at their net selling price. The net selling price was reasonably calculated based on the roadside value and so forth.

11. SPECIAL RETIREMENT BENEFITS TO EMPLOYEES

For the year ended March 31, 2013

Special retirement benefits to employees, ¥557 million ($5,926 thousand), are the compensation to employees incurred due to the transfer of a consolidated subsidiary.

For the year ended March 31, 2012

The main components of special retirement benefits to employees are ¥3,890 million ($41,383 thousand), the special additional amount due to review of the selective retirement system in the Company, and ¥1,233 million ($13,117 thousand), the compensation to employees incurred due to the transfer of a consolidated subsidiary.

12. BUSINESS RESTRUCTURING COST

For the year ended March 31, 2013

Business restructuring cost, ¥1,577 million ($16,777 thousand), is the cost pertaining to restructuring of the semiconductor manufacturing base of the Company and so forth.

13. INCOME TAXES

The Company is subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 38.0% for the year ended March 31, 2013, and 40.7% for the year ended March 31, 2012.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2013	2012	2013	2012
Deferred tax assets—current:				
Non-deductible portion of bonuses	¥ 453	¥ 489	$ 4,819	$ 5,202
Non-deductible loss on valuation of inventories	568	577	6,043	6,138
Foreign tax credits		20		213
Accrued expense	1,070	1,756	11,383	18,681
Loss carried forward	55	69	585	734
Others	171	232	1,819	2,468
Total deferred tax assets	2,317	3,143	24,649	33,436
Less valuation allowance	(2,210)	(2,602)	(23,511)	(27,681)
Deferred tax assets—net of valuation allowance	107	541	1,138	5,755
Deferred tax liabilities	(13)	(8)	(138)	(85)
Net current deferred tax assets	¥ 94	¥ 533	$ 1,000	$ 5,670
Deferred tax liabilities—current:				
Reserve for reduction of fixed assets	¥ (13)	¥ (8)	$ (138)	$ (85)
Others	(8)	(7)	(85)	(74)
Total deferred tax liabilities	(21)	(15)	(223)	(159)
Deferred tax assets	13	8	138	85
Net current deferred tax liabilities	¥ (8)	¥ (7)	$ (85)	(74

	Millions of Yen		Thousands of U.S. Dollars	
	2013	2012	2013	2012
Deferred tax assets—non-current:				
Loss on impairment of long-lived assets	¥ 2,616	¥ 3,466	$ 27,830	$ 36,872
Loss carried forward	10,324	7,318	109,830	77,851
Depreciation and amortization	652	462	6,936	4,915
Allowance for retirement benefits	341	311	3,628	3,309
Loss on valuation of shares in subsidiary	523	523	5,564	5,564
Loss on valuation of investment in subsidiary	533	533	5,670	5,670
Others	871	718	9,265	7,638
Total deferred tax assets	15,860	13,331	168,723	141,819

Less valuation allowance	(15,365)	(9,832)	(163,457)	(104,595)
Deferred tax assets—net of valuation allowance	495	3,499	5,266	37,224
Deferred tax liabilities	(176)	(1,054)	(1,872)	(11,213)
Net non-current deferred tax assets	¥ 319	¥ 2,445	$ 3,394	$ 26,011

Deferred tax liabilities—non-current:				
Undistributed earnings of subsidiaries	¥ (877)	¥ (786)	$ (9,330)	$ (8,362)
Loss on valuation of shares in subsidiary	(176)	(214)	(1,872)	(2,277)
Prepaid pension expense	(214)	(642)	(2,277)	(6,830)
Reserve for reduction of fixed assets	(312)	(195)	(3,319)	(2,074)
Others	(13)	(3)	(138)	(32)
Total deferred tax liabilities	(1,592)	(1,840)	(16,936)	(19,575)
Deferred tax assets	176	1,054	1,872	11,213
Net non-current deferred tax liabilities	¥ (1,416)	¥ (786)	$ (15,064)	$ (8,362)

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of operations for the years ended March 31,2013 and 2012, is not disclosed because a loss before income taxes is recorded.

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 40.7% to 38.0% effective for the fiscal years beginning on or after April 1, 2012, through March 31, 2015, and to 35.6% afterwards.

The Companies have tax loss carryforwards for corporate tax purposes of approximately ¥10,379 million ($110,415 thousand), which are available to be offset against taxable income of such companies 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
2014		
2015	¥ 16	$ 170
2016		
2017	14	149
2018	45	479
2019	28	298
2020 and thereafter	10,276	109,319
Total	¥ 10,379	$ 110,415

14. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Policy for financial instruments

The Companies use 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 is less than one year. Payables in foreign currencies are exposed to the risk of fluctuations 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 Companies manage their credit risk from receivables on the basis of internal guidelines, which include monitoring of the 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 Companies monitor fluctuations in each currency every month. The Companies check the market price of marketable and contribution securities and monitor market price fluctuations.

(iii) Liquidity risk management
Liquidity risk comprises the risk that the Companies cannot meet their contractual obligations in full on maturity dates. The Companies complete or update annual cash management plans every six months. In case financing is needed, the Companies choose from among several financing methods. In addition, in order to manage cash, the Companies compare actual cash management with cash management plans every month. In case the Companies estimate a shortage of cash due to unexpected demands of funds, the Companies address the shortage in advance using financial methods for short-term funds, such as transfer of receivables, electronic commercial paper and commitment lines.

(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, and therefore, prices can fluctuate when different preconditions are used.

(5) Concentration of credit risk
As of March 31, 2013, 24.6% of total receivables are from one major customer of the Companies.

Fair value of financial instruments

	Millions of Yen		
March 31, 2013	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 45,365	¥ 45,365	
Short-term investments	542	542	
Notes receivables	730	730	
Accounts receivables	33,720	33,720	
Investment securities	42	42	
Total	¥ 80,399	¥ 80,399	
Short-term bank loans	¥ 5,737	¥ 5,737	
Notes payables	1,494	1,494	
Accounts payables	19,030	19,030	
Total	¥ 26,261	¥ 26,261	

March 31, 2012	Millions of Yen Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 56,959	¥ 56,959	
Short-term investments	1,219	1,219	
Notes receivables	797	797	
Accounts receivables	39,957	39,957	
Investment securities	39	39	
Total	¥98,971	¥ 98,971	
Short-term bank loans	¥ 5,014	¥ 5,014	
Notes payables	1,248	1,248	
Accounts payables	22,284	22,284	
Total	¥ 28,546	¥ 28,546	

March 31, 2013	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 482,606	$ 482,606	
Short-term investments	5,766	5,766	
Notes receivables	7,766	7,766	
Accounts receivables	358,723	358,723	
Investment securities	447	447	
Total	$ 855,308	$ 855,308	
Short-term bank loans	$ 61,032	$ 61,032	
Notes payables	15,894	15,894	
Accounts payables	202,447	202,447	
Total	$ 279,373	$ 279,373	

March 31, 2012	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 605,947	$ 605,947	
Short-term investments	12,968	12,968	
Note receivables	8,479	8,479	
Accounts receivables	425,074	425,074	
Investment securities	415	415	
Total	$1,052,883	$1,052,883	
Short-term bank loans	$ 53,340	$ 53,340	
Note payables	13,277	13,277	
Accounts payables	237,064	237,064	
Total	$ 303,681	$ 303,681	

Cash and cash equivalents, Short-term investments, Notes receivables and Accounts receivables

The carrying values of these assets approximate fair value because of their short maturities.

Investment securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments. Fair value information for marketable and investment securities by classification is included in Note 4.

Short-term bank loans, Notes payables and Accounts payables

The carrying values of these liabilities approximate fair value because of their short maturities.

Financial instruments whose fair value cannot be reliably determined

March 31, 2013	Carrying Amount	
	Millions of Yen	Thousands of U.S. Dollars
Investments in equity instruments that do not have a quoted market price in an active market	¥741	$ 7,883

March 31, 2012	Carrying Amount	
	Millions of Yen	Thousands of U.S. Dollars
Investments in equity instruments that do not have a quoted market price in an active market	¥533	$ 5,883

Maturity analysis for financial assets and securities with contractual maturities

March 31, 2013	Millions of Yen			
	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	¥ 45,365			
Short-term investments	542			
Notes receivables	730			
Accounts receivables	33,720			
Total	¥ 80,357			

March 31, 2013	Thousands of U.S. Dollars			
	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	$ 482,606			
Short-term investments	5,766			
Notes receivables	7,766			
Accounts receivables	358,723			
Total	$ 854,862			

15. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," 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.

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						
	2013						
	Semi-conductor device	Optical device	Mechanical parts	High-frequency parts	Power supply parts	Information and telecommu-nication equipment	Total
Sales to external customers	¥ 25,379	¥ 13,046	¥ 72,185	¥ 16,646	¥ 22,827	¥ 2,016	¥ 152,099

	Millions of Yen						
	2012						
	Semi-conductor device	Optical device	Mechanical parts	High-frequency parts	Power supply parts	Information and telecommu-nication equipment	Total
Sales to external customers	¥ 31,600	¥ 11,082	¥ 80,256	¥ 23,942	¥ 17,713	¥ 2,615	¥ 167,208

	Thousands of U.S. Dollars						
	2013						
	Semi-conductor device	Optical device	Mechanical parts	High-frequency parts	Power supply parts	Information and telecommu-nication equipment	Total
Sales to external customers	$ 269,989	$ 138,787	$ 767,926	$ 177,085	$ 242,840	$ 21,447	$1,618,074

	Thousands of U.S. Dollars						
	2012						
	Semi-conductor device	Optical device	Mechanical parts	High-frequency parts	Power supply parts	Information and telecommu-nication equipment	Total
Sales to external customers	$ 336,170	$ 117,894	$ 853,787	$ 254,703	$ 188,436	$ 27,819	$ 1,778,809

(2) Information about geographical areas

(a) Sales

Millions of Yen				
2013				
Japan	Asia	Europe	North America	Total
¥ 85,978	¥ 60,920	¥ 2,858	¥ 2,343	¥ 152,099

Millions of Yen				
2012				
Japan	Asia	Europe	North America	Total
¥ 98,003	¥ 64,630	¥ 3,608	¥ 967	¥ 167,208

Thousands of U.S. Dollars				
2013				
Japan	Asia	Europe	North America	Total
$ 914,659	$ 648,085	$ 30,404	$ 24,926	$ 1,618,074

Thousands of U.S. Dollars				
2012				
Japan	Asia	Europe	North America	Total
$ 1,042,586	$ 687,553	$ 38,383	$ 10,287	$ 1,778,809

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

(b) Property, plant and equipment

Millions of Yen			
2013			
Japan	Asia	Others	Total
¥ 16,131	¥ 8,687	¥ 188	¥ 25,006

Millions of Yen			
2012			
Japan	Asia	Others	Total
¥ 16,669	¥ 7,613	¥ 162	¥ 24,444

Thousands of U.S. Dollars			
2013			
Japan	Asia	Others	Total
$ 171,606	$ 92,415	$ 2,001	$ 266,022

Thousands of U.S. Dollars			
2012			
Japan	Asia	Others	Total
$ 177,330	$ 80,989	$ 1,724	$ 260,043

(3) Information about major customers

Name of customers	Millions of Yen 2013 Sales	Related segment name
Nintendo Co., Ltd.	¥ 50,053	―

Name of customers	Millions of Yen 2012 Sales	Related segment name
Nintendo Co., Ltd.	¥ 58,623	―

Name of customers	Thousands of U.S. Dollars 2013 Sales	Related segment name
Nintendo Co., Ltd.	$ 532,479	―

Name of customers	Thousands of U.S. Dollars 2012 Sales	Related segment name
Nintendo Co., Ltd.	$ 623,649	―

Note: There is one reportable segment, so the related segment name is not applicable.

16. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥11,022 million ($117,255 thousand) and ¥12,918 million ($137,426 thousand) for the years ended March 31, 2013 and 2012, respectively.

17. 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.

18. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2013	2012	2013	2012
Unrealized gain (loss) on available-for-sale securities:				
Reclassification adjustments to profit or loss	¥ 35	¥ (1)	$ 372	$ (10)
Amount before income tax effect	35	(1)	372	(10)
Income tax effect	(12)	1	(127)	10
Total	¥ 23	¥	$ 245	$
Foreign currency translation adjustments:				
Adjustments arising during the year	¥ 3,957	¥ (487)	$ 42,095	$ (5,181)
Amount before income tax effect	3,957	(487)	42,095	(5,181)
Total	¥ 3,957	¥(487)	$42,095	$ (5,181)
Total other comprehensive income	¥ 3,980	¥(487)	$42,340	$ (5,181)

19. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2013 and 2012, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2013	Net Loss	Weighted-average Shares	EPS	
Basic EPS—Net loss available to common shareholders	¥(11,545)	87,452	¥ (132.02)	$(1.40)
Year Ended March 31, 2012				
Basic EPS—Net income available to common shareholders	¥(28,336)	87,453	¥ (324.01)	$(3.45)

Diluted net income per share is not disclosed because there are no dilutive securities for the years ended March 31, 2013 and 2012.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of Mitsumi Electric Co., Ltd. and its consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 its consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 25, 2013