(Translation)

Securities Code: 6767
June 6, 2013

To the Shareholders:

NOTICE OF THE 68TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

Please take notice that the 68th Ordinary General Meeting of Shareholders of the Company will be held as described below and you are cordially invited to attend the meeting.

Since voting rights can be exercised in writing even if you are not present at the meeting, please go over the Reference Documents for the General Meeting of Shareholders set forth below and send us by return mail the enclosed voting form indicating your approval or disapproval of the propositions no later than 5:20 p.m. on June 24 (Monday), 2013.

Yours very truly,

Shigeru Moribe,
President and Representative Director

Mitsumi Electric Co., Ltd.
11-2, Tsurumaki 2-chome,
Tama City, Tokyo

<u>Description</u>

1. Date and hour:

   June 25 (Tuesday), 2013, 10:00 a.m.

2. Place:

   Keio Plaza Hotel Tama, 3F "Hakuhou-no-ma"
   43, Ochiai 1-chome, Tama City, Tokyo

3. Matters forming the objects of the meeting:

   Matters to be reported:

   1. Report on the business report, the consolidated financial statements and the results of audit of the consolidated financial statements by the account auditors and the Board of Statutory Auditors for the 68th fiscal year (from April 1, 2012 to March 31, 2013)

   2. Report on the non-consolidated financial statements for the 68th fiscal year (from April 1, 2012 to March 31, 2013)

   Matters to be resolved:

   Proposition No. 1: Amendment to the Articles of Incorporation

   Proposition No. 2: Election of one (1) Director

   Proposition No. 3: Election of two (2) Statutory Auditors

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(Provided document)

BUSINESS REPORT

(April 1, 2012 to March 31, 2013)

1. Current state of the Mitsumi Group (the "Group")

(1) State of business activities for the fiscal year under review

(i) Development and results of business activities:

To overview the global economic situations during the fiscal year under review, in the United States, personal consumption showed a sign of recovery, though slow, but in Europe, real GDP continued to register negative growth due to the implementation of austere fiscal policies in the course of the recurrence of the debt problem. Additionally, due to the deceleration of economic growth in the emerging countries, the global economy generally has slowed down. In Japan, in the first half of the fiscal year under review, with the global economy decelerating and the appreciation of the yen continuing, exports declined and the economy remained stagnant. However, with demand for recovery from the Great East Japan Earthquake shifting into full swing and the abrupt depreciation of the yen and rising stock prices in the second half of the fiscal year under review, the economy has begun to show an upturn.

In our electronic parts industry, while the market for products related to growth products, including smart phones and tablet devices, and car-mounted devices has continued to expand, the market for products related to flat-panel TVs and PCs has flagged. In addition, due to declines in selling prices of set products, prices of parts have continued to drop.

The Group has been affected by decreases in orders received for amusement- and flat-panel TV-related products while orders received for products related to smart phones and other information communications terminals and car-mounted devices increased. As a result, for the fiscal year under review, on a consolidated basis, net sales amounted to ¥152,098 million (91.0% in comparison with the previous fiscal year). With regard to profits and losses, due to a decrease in net sales, as well as a decrease in turnout arising from a temporary suspension of operations at the manufacturing subsidiaries of the Company in China in the course of anti-Japan demonstrations in China that took place in September 2012, among others, the Company registered an operating loss of ¥4,382 million (operating loss of ¥8,357 million for the previous fiscal year) and a recurring loss of ¥3,274 million (recurring loss of ¥8,234 million for the previous fiscal year). Net loss amounted to ¥11,545 million (net loss of ¥28,335 million for the previous fiscal year) as the Company recorded the amount of damage from the anti-Japan demonstrations in China and business restructuring expenses as special losses, as well as the reversal of deferred tax assets as interperiod tax allocation adjustment.

Outline of business performance of the major divisions for the consolidated fiscal year:

Semiconductor devices:

Orders received by the Group for secondary cell-related ICs increased but orders received for other products decreased. As a result, consolidated net sales of semiconductor devices amounted to ¥25,379 million (80.3% in comparison with the previous fiscal year).

Optical devices:

Orders received by the Group for camera modules increased. As a result, consolidated net sales of optical devices amounted to ¥13,045 million (117.7% in comparison with the previous fiscal year).

System parts:

Orders received by the Group for smart phone-related products, such as actuators for camera modules increased but orders received for amusement-related products decreased. As a result, consolidated net sales of system parts amounted to ¥72,185 million (89.9% in comparison with the previous fiscal year).

High-frequency parts:

Orders received by the Group for parts for use in car-mounted products increased, while orders received for other products decreased. As a result, consolidated net sales of high-frequency parts amounted to ¥16,646 million (69.5% in comparison with previous fiscal year).

Power-unit parts:

Orders received by the Group for power-unit parts related to mobile devices increased. As a result, consolidated net sales of power-unit parts amounted to ¥22,826 million (128.9% in comparison with the previous fiscal year).

Information communications equipment:

The Group continued its efforts to discontinue the business of unprofitable products. As a result, consolidated net sales of information communications equipment amounted to ¥2,015 million (77.1% in comparison with the previous fiscal year).

(ii) Investment in plant and equipment:

Investment in plant and equipment during the fiscal year under review totaled ¥8,462 million, which was spent mainly to develop new products and replace machinery and equipment and molds in the division of system parts, among others.

(iii) Financing:

To provide operating funds efficiently, the Company has entered into loan commitment agreements, in the aggregate amount of ¥10,000 million, with its main financial institutions.

(iv) Transfer of business, acquisition through divestiture or divestiture through incorporation:

Not applicable.

(v) Acquisition of business from other corporations:

Not applicable.

(vi) Acquisition and assumption of the rights and obligations with regard to the business of other corporations by merger or acquisition through divestiture:

Not applicable.

(vii) Acquisition and disposition of shares, equity interests, stock acquisition rights, etc. of other corporations:

Not applicable.

(2) Property and income/loss for the most recent three fiscal years:

Item / Fiscal year	**65th** April 1, 2009 - Mar. 31, 2010	**66th** April 1, 2010 - Mar. 31, 2011	**67th** April 1, 2011 - Mar. 31, 2012	**68th** (current year) April 1, 2012 - Mar. 31, 2013
Net sales (million yen)	207,536	187,418	167,207	152,098
Recurring income (loss) (million yen)	8,295	(6,387)	(8,234)	(3,274)
Net income (loss) (million yen)	5,901	(3,541)	(28,335)	(11,545)
Net income (loss) per share (yen)	67.48	(40.49)	(324.01)	(132.02)
Total assets (million yen)	202,570	191,827	152,660	140,611
Net assets (million yen)	148,617	139,659	109,087	101,521
Net assets per share (yen)	1,699.37	1,596.96	1,247.40	1,160.88

(3) Major parent company and subsidiaries:

(i) Relationship with the parent company:

Not applicable.

(ii) State of major subsidiaries:

Name of Company	Capital stock	Ratio of voting rights of the Company (%)	Major business
MITSUMI CO., LTD.	HK$8,000 thousand	100.0	Sale of electronic parts
MITSUMI PHILIPPINES, INC.	Philippine Pesos 1,186,000 thousand	100.0	Manufacture and sale of electronic parts
CEBU MITSUMI, INC.	Philippine Pesos 1,145,683 thousand	100.0	Manufacture and sale of electronic parts
Zhuhai Mitsumi Electric Co., Ltd.	RMB 230,358 thousand	100.0	Manufacture and sale of electronic parts
Qingdao Mitsumi Electric Co., Ltd.	US$38,850 thousand	100.0	Manufacture and sale of electronic parts
Tianjin Mitsumi Electric Co., Ltd.	US$40,825 thousand	100.0	Manufacture and sale of electronic parts

(4) Issues to be addressed by the Group

In our electronic parts industry, while prices of products are continuing to be reduced and the commoditization of products is advancing, the market share of EMS (electronic manufacturing service) companies and other companies of emerging countries is increasing and the status of Japanese-affiliated companies are comparatively declining.

To respond to such market transformation, the Group will expand business in a new market for car-mounted products and energy-related products. Simultaneously, in the existing market, the Group will develop products unique to it that may not possibly be supplied by companies of emerging countries, based on its own core competence and construct structures in which engineers will directly engage in sales promotional activities in the overseas market, whereby supplying high value added products to the market on a timely manner. With regard to rising operating cost in China, to minimize the effects thereof and enhance price competitiveness, the Group will expand its manufacturing sites in the Philippines and transfer production there from the manufacturing sites in China, and also make optimal allocation of products within China.

The Company regards corporate social responsibility as one of the most important managerial issues and has exerted its group-wide efforts with its CSR Promotion Committee playing a central role, to strengthen the system of the entire Group to promote management control, compliance with laws and social norms, information management and timely disclosure.

The Company sincerely hopes that its shareholders will continue giving the Company their full support and encouragement.

(5) Major business (as of March 31, 2013)

The Group is primarily engaged in the manufacture and sale of electric machinery and equipment, including semiconductor devices, optical devices, system parts, high-frequency parts, power unit parts and information communications equipment, and in other businesses pertaining or relating thereto.

(6) Main business offices, plants and factories (as of March 31, 2013)

The Company	Business offices	Head Office Kansai Branch Taiwan Branch	Tama City, Tokyo Kita-ku, Osaka City Taipei, The Republic of China
	Business divisions	Atsugi Operation Base Chitose Business Division Akita Business Division Yamagata Business Division Kyushu Business Division	Atsugi City, Kanagawa Chitose City, Hokkaido Katagami City, Akita Yamagata City, Yamagata Iizuka City, Fukuoka
Subsidiaries	Sale	MITSUMI CO., LTD. MITSUMI ELECTRONICS (SINGAPORE) PTE. LTD.	Kowloon, Hong Kong Special Administrative Region The Republic of Singapore
	Manufacture	MITSUMI PHILIPPINES, INC. CEBU MITSUMI, INC. Zhuhai Mitsumi Electric Co., Ltd. Qingdao Mitsumi Electric Co., Ltd. Tianjin Mitsumi Electric Co., Ltd.	The Republic of the Philippines The Republic of the Philippines The People's Republic of China The People's Republic of China The People's Republic of China

(7) State of employees (as of March 31, 2013)

(i) Employees of the Group:

Division	Number of employees (persons)	Comparison with the end of the previous fiscal year (+ or -) (persons)
Semiconductor devices	2,959	- 1,341
Optical devices	1,801	- 451
System parts	21,809	+ 2,559
High-frequency parts	2,409	- 281
Power-unit parts	3,292	- 254
Information communications equipment	669	+ 108
Group-wide (common)	1,628	- 9
Total	34,567	+ 331

(Notes) 1. The above number of employees represents persons actually at work.
2. The number of employees categorized as "group-wide (common)" represents those assigned to administrative duties that cannot be categorized in any specific division.

(ii) Employees of the Company:

Number of employees	Comparison with the end of the previous fiscal year (+ or -) (persons)	Average age (years)	Average length of service (years)
2,590	- 242	41.9	16.3

(Note) The above number of employees excludes 179 employees of the Company who are temporarily sent to other companies.

(8) **Principal lenders** (as of March 31, 2013)

(million yen)

Lender	Balance of borrowings
Sumitomo Mitsui Banking Corporation	1,998
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,354
Mizuho Corporate Bank, Ltd.	1,142
The Yamanashi Chuo Bank, Limited	808
The Yamagata Bank, Ltd.	432

(9) Other important matters concerning the current state of the Group

Not applicable.

2. Current state of the Company

(1) **State of shares** (as of March 31, 2013)

(i) Total number of issuable shares: 200,000,000 shares

(ii) Total number of issued shares: 87,498,119 shares

(iii) Number of shareholders: 23,097 persons

(iv) Principal shareholders (top ten):

Name	Number of shares held (thousand shares)	Equity position (%)
Japan Master Trust Bank of Japan, Ltd. (Trust account)	10,627	12.15
Japan Trustee Services Bank, Ltd. (Trust account)	8,262	9.45
Chase Manhattan Bank GTS Clients Account Escrow	2,478	2.83
Masako Moribe	2,477	2.83
Trust & Custody Services Bank, Ltd. (Security investment trust account)	2,410	2.76
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	2,220	2.54
Societe Generale Securities North Pacific Limited	1,874	2.14
The Bank of Nova Scotia Asia Limited	1,715	1.96
JP Morgan Securities (Japan) Limited	1,210	1.38
Itsuo Moribe	1,087	1.24

(Notes) 1. The equity position is calculated by excluding the shares of treasury stock (46,036 shares).
2. The above number of shares held by the trust banks includes those shares related to their trust business.

(2) State of stock acquisition rights:

(i) Stock acquisition rights offered to the officers of the Company in consideration of the performance of their duties and held by them (as of March 31, 2013):

Not applicable.

(ii) Stock acquisition rights offered to the employees, etc. in consideration of the performance of their duties during the fiscal year under review:

Not applicable.

(iii) Other material fact about stock acquisition rights:

Not applicable.

(3) Officers of the Company

(i) Directors and Statutory Auditors (as of March 31, 2013):

Name	Position in the Company	Business in charge and important concurrent office
Shigeru Moribe	President and Representative Director	
Yasuo Hirose	Senior Managing Director	General Manager, Sales & Marketing Division
Fujio Furukawa	Managing Director	General Manager, R&D Division and General Manager, Electronic Devices Business Headquarters
Megumi Yamada	Director	In charge of Procurement Division and MPS Division and General Manager, Quality & Environment Headquarters
Motomu Saito	Director	In charge of corporate administration and General Manager, Accounting Division
Hiroshi Aso	Director	General Manager, Semiconductor Devices Business Headquarters
Keishou Fujiwara	Director	Deputy General Manager, Electronic Devices Business Headquarters
Koichi Seno	Director	General Manager Component Devices Business Headquarters
Hidetoshi Hamai	Director	Deputy General Manager, Electronic Devices Business Headquarters
Kenji Shinya	Full-time Statutory Auditor	
Shizuumi Nojima	Full-time Statutory Auditor	
Makoto Yamada	Full-time Statutory Auditor	
Miyuki Hara	Statutory Auditor	Certified tax accountant (Miyuki Hara Tax Accounting Office)

(Notes)
1. Full-time Statutory Auditors Messrs. Kenji Shinya and Makoto Yamada and Statutory Auditor Mr. Miyuki Hara are external auditors as provided for in Article 2, item 16 of the Companies Act of Japan.
2. Full-time Statutory Auditor Mr. Shizuumi Nojima, who served in the Accounting Division of the Company from 1973 through 2006 and engaged in closing processes and the preparation of financial statements for many years, has considerable knowledge of financing and accounting.

   Statutory Auditor Mr. Miyuki Hara, who is qualified as a certified tax accountant, has considerable knowledge of financing and accounting.
3. At the 67th Ordinary General Meeting of Shareholders held on June 26,

2012, Messrs. Koichi Seno and Hidetoshi Hamai were newly elected as Directors and assumed offices and Mr. Makoto Yamada was newly elected as Statutory Auditor and assumed office.

4. The Company has designated full-time Statutory Auditors Messrs. Kenji Shinya and Makoto Yamada and Statutory Auditor Mr. Miyuki Hara as independent officers as stipulated by Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. and registered them with both exchanges as such.

(ii) Directors and Statutory Auditors who retired from office during the fiscal year under review:

Senior Managing Directors Messrs. Kazuie Hirose and Shozo Watanabe, Managing Director Mr. Kazuo Osawa, Directors Messrs. Fumio Hoki and Toshikazu Nagaoka and Statutory Auditor Mr. Nobushige Sakurai retired from office upon expiration of the term of office at the close of the 67th Ordinary General Meeting of Shareholders held on June 26, 2012.

(iii) Total amount of remuneration of the Directors and Statutory Auditors for the fiscal year under review:

Category	Number	Amount of payments
Directors	14	¥129 million
Statutory Auditors (External Statutory Auditors)	5 (4)	¥44 million (¥31 million)
Total (External Officers)	19 (4)	¥173 million (¥31 million)

(Notes)
1. The above number of Directors and Statutory Auditors includes five Directors and one Statutory Auditor who retired from office as at the close of the 67th Ordinary General Meeting of Shareholders held on June 26, 2012.
2. The amount of payments to the Directors does not include the portions of salaries and wages of employees concurrently serving as Directors.
3. In addition to the above, in accordance with the resolution adopted at the 61st Ordinary General Meeting of Shareholders held on June 29, 2006, the Company paid the following retirement gratuities to Directors and Statutory Auditors:

   Five retired Directors: ¥123 million

   One retired Statutory Auditor: ¥6 million
4. The maximum amount of remuneration of Directors was determined to be ¥350 million per annum (excluding Directors' bonuses and the portions of salaries and wages of employees concurrently serving as Directors) by resolution of the 54th Ordinary General Meeting of Shareholders held on June 29, 1999.
5. The maximum amount of remuneration of Statutory Auditors was determined to be ¥70 million per annum by resolution of the 65th Ordinary General Meeting of Shareholders held on June 25, 2010.

(iv) Matters concerning external officers:

(a) Concurrent holding of offices of officers (executive officers) of other corporations and the relations between the Company and such other corporations:

Not applicable.

(b) Concurrent holding of offices of external officers of other corporations and the relations between the Company and such other corporations:

Not applicable.

(c) Principal activities during the fiscal year under review:

- Attendance at meetings of the Board of Directors and the Board of Statutory Auditors:

	Board of Directors		Board of Statutory Auditors	
	Number of attendance	Ratio of attendance	Number of attendance	Ratio of attendance
Statutory Auditor Kenji Shinya	20/20	100%	21/21	100%
Statutory Auditor Makoto Yamada	15/15	100%	15/15	100%
Statutory Auditor Miyuki Hara	11/20	55%	11/21	52%

(Notes) 1. Statutory Auditor Mr. Miyuki Hara did not attend seven meetings of the Board of Directors and eight meetings of the Board of Statutory Auditors because he was sick and undergoing treatment. He will retire from office upon expiration of the term of office at the close of the 68th Ordinary General Meeting of Shareholders.

2. Statutory Auditor Mr. Makoto Yamada, who assumed office at the 67th Ordinary General Meeting of Shareholders held on June 26, 2012, had 15 meetings of the Board of Directors and the Board of Statutory Auditors, respectively, available for his attendance.

- Speech at meetings of the Board of Directors

Full-time Statutory Auditors Messrs. Kenji Shinya and Makoto Yamada expressed opinions principally from the perspective of compliance with law and corporate governance, as to the execution by the Directors of their duties in accordance with the Companies Act and other laws and ordinances and the fundamental policy on the establishment of the internal control systems of the Company, and otherwise provided advice and recommendations to secure the validity and appropriateness of decision-making by the Board of Directors.

Statutory Auditor Mr. Miyuki Hara, principally with regard to accounting treatment by the Company, provided advice and recommendations to secure the validity and appropriateness of decision-making by the Board of Directors by taking advantage of his specialized knowledge as a certified tax accountant.

In addition to these activities, they exchanged opinions with top management regularly and visited any group companies to make on-site surveys whenever necessary.

At the meetings of the Board of Statutory Auditors, they gave reports on audits and other activities as full-time Statutory Auditors and exchanged opinions and each external Statutory Auditor also made remarks and recommendations as to the state of internal control and audits of the Company, including comparison thereof with those of other corporations.

(d) Outline of the content of liability limitation agreements:

In accordance with Article 427, paragraph 1 of the Companies Act of Japan, the Company has entered into an agreement with each external Statutory Auditor to limit the liability for any damage as provided for in Article 423, paragraph 1 of the said act. The outline of the content of such agreement is as follows:

・ If any external Statutory Auditor is liable to the Company for any damage arising from a default in his duties, he shall be liable within the liability amount as provided for in laws or ordinances.

・ The above-mentioned liability limitation shall apply only if and when the external Statutory Auditor is in good faith and with no gross negligence in the performance of his duties that caused such liability.

(4) Account auditors:

(i) Name: Deloitte Touche Tohmatsu LLC

(ii) Amount of remuneration, etc.:

	Amount of payment
Amount of remuneration, etc. of the account auditors for the fiscal year under review:	¥65 million
Total amount of money and other proprietary benefits payable by the Company and its subsidiaries to the account auditors:	¥65 million

(Notes) 1. The amount of remuneration payable to the account auditors for their audits under the Companies Act of Japan and the amount of remuneration payable for their audits under the Financial Instruments and Exchange Act of Japan are not specifically separated in the audit contract between the Company and the account auditors and cannot be separated practically. Hence, such amounts are stated collectively.

2. The overseas subsidiaries described in the "1. Current state of the Mitsumi Group: (3) Major parent company and subsidiaries: (ii) State of major subsidiaries" are audited by the following account auditors:

MITSUMI CO., LTD.	:	Deloitte Touche Tohmatsu Certified Public Accountants LLP
MITSUMI PHILIPPINES, INC. and CEBU MITSUMI, INC.	:	Diaz Murillo Dalupan and Company
Zhuhai Mitsumi Electric Co., Ltd.	:	BDO CHINA LIXIN DAHUA Certified Public Accountants Co., Ltd.
Qingdao Mitsumi Electric Co., Ltd.	:	SHANDONG DESHENG CERTIFIED PUBLIC ACCOUNTANTS
Tianjin Mitsumi Electric Co., Ltd.	:	Deloitte Touche Tohmatsu Certified Public Accountants LLP

(iii) Content of non-auditing services:

The Company has not entrusted the account auditors with any service other than audit certification provided for in Article 2, paragraph 1 of the Certified Public Accountant Act of Japan.

(iv) Policy on determination of dismissal and non-reappointment of the account auditors:

In the event that the Board of Statutory Auditors determines the account auditors fall under any of the items of Article 340, paragraph 1 of the Companies Act of Japan, it shall, upon unanimous consent, dismiss the account auditors. In the event that the Board of Statutory Auditors dismisses the account auditors, it shall report the fact and the reason therefor at the General Meeting of Shareholders first convened thereafter.

In the event that the Board of Directors considers it necessary to do so due to the difficulty for the account auditors to perform their duties or otherwise, it shall, upon consent of or by request from the Board of Statutory Auditors, submit to the General Meeting of Shareholders a proposition to dismiss or not to reappoint the account auditors.

(v) Outline of the content of liability limitation agreements:

Not applicable.

(5) Systems to secure the properness of business activities

With regard to the fundamental policy on the establishment of the internal control systems, the Company has the following provisions:

To promote the establishment of the appropriate internal control systems of the Company and its related companies, the Company shall institute an Internal Control Committee, which shall consist of the Directors, the General Managers of the Business Headquarters, responsible officials of the related companies, etc.

For the purpose of the establishment of the internal control systems, the Company considers that the compliance system, risk management system and information disclosure and management system are specifically important. Hence, the Company shall institute a Compliance Committee, a Risk Management Committee and an Information Disclosure Committee, which shall consist of the Directors in charge and relevant personnel in charge, as subordinate organs of the Internal Control Committee to develop and administer such control systems.

(i) Systems to secure the execution by the Directors and employees of their duties to comply with laws and ordinances and the Articles of Incorporation:

- The Directors and employees shall comply with laws and ordinances, the Articles of Incorporation and internal rules of the Company and also comply with, and realize the spirit of, the "Mitsumi Code of Conduct" established by the Company to fulfill its corporate social responsibility at large.
- The Directors and employees responsible for executing business shall take measures to further improve the internal rules, including the rules of assignment of duties, the rules of duties and powers and the compliance rules, and shall execute business pursuant to the internal procedures.
- The Compliance Committee shall consist of the Director in charge of compliance, the General Affairs Division (Legal Group), the Internal Auditing Office, etc. and shall establish a system to secure the appropriate execution by the Directors and employees of their duties.
- An Internal Auditing Office shall be established to conduct internal audits to confirm that operations of the Company are conducted in compliance with laws and ordinances, the Articles of Incorporation and its internal rules.
- A whistle-blowing acceptance office is established in the Department of General Affairs to promptly discover and correct any act in contravention of laws or ordinances, the Articles of Incorporation, the internal rules, etc.
- To stay out of any antisocial force or group that may threaten the order or safety of civil society, the Company shall improve its internal control system in cooperation with the competent authorities and other external bodies, including attorneys at law.

(ii) Systems concerning storage and management of information on the execution by the Directors of their duties:

- Documents and other information concerning the execution of the Directors and employees of their duties ("Information on Execution of Duties") shall be stored and managed properly in accordance with the document management rules to be established by the Board of Directors.
- The document management rules shall include the following provisions:
  1. The Statutory Auditors and the Internal Auditing Office shall be authorized to have access to the Information on Execution of Duties.
  2. Of the Information on Execution of Duties, specifically important documents and information shall be stored properly by specifying the storage period and a quick system to search for the existence of information and the content thereof shall be

established.

3. Any amendment to or abolition of the document management rules shall be subject to consent by the Board of Statutory Auditors.

(iii) Regulations concerning management of exposure to the risk of loss and other systems:

- A Risk Management Committee shall be formed to build up a group-wide risk management system and exercise general control over measures to absorb risks.
- The activities of the Risk Management Committee shall periodically be reported to the Board of Directors and the Board of Statutory Auditors.
- The state of risk management assigned to each division shall periodically be audited by the Internal Auditing Office and be reported to the Risk Management Committee.
- In the event that the Company incurs or threatens to incur a grave risk as provided for in the risk management rules, each relevant division shall immediately report the same to the Director in charge and the Risk Management Committee, which shall immediately report it to the Representative Director and take necessary measures.

(iv) Systems to secure efficient execution by the Directors of their duties:

- The function and the scope of the duties of each division shall be stipulated in the rules of assignment of duties and the system of authorization of duties and decision-making shall be stipulated in the rules of duties and powers to define the scope of powers of the Directors in charge of execution of business and the delegation of such powers, whereby securing the efficiencies of execution of business.

(v) Systems to secure the properness of business activities of the corporate group comprised of the Company and its subsidiaries:

- To apply the "Mitsumi Code of Conduct" to its overseas subsidiaries and business offices, the Company shall revise it in conformity to the culture, customs and religions of each country and prepare the English, Chinese and other versions thereof.
- To allow all subsidiaries to have access to its whistle-blowing acceptance office, the Company shall revise the system.
- The Company shall promote the establishment of rules of assignment of duties and rules of duties and powers for its subsidiaries and provide that important matters shall be determined by the parent company.
- The Company shall keep track of and evaluate risks to the Company and its subsidiaries as well.
- The Internal Auditing Office shall conduct internal audits of the subsidiaries as well whenever necessary.
- The Company shall institute an Information Disclosure Committee to establish and operate a system to promptly keep track of material facts about the Company, and also make material facts about its related companies promptly reported to the Company and disclose information thereon without delay.

(vi) Matters concerning the appointment of employees to assist the Statutory Auditors to execute their duties:

- The Company shall appoint employees as staff to assist the Statutory Auditors to execute their duties.

(vii) Matters concerning the independence of the employees to assist the Statutory Auditors to execute their duties from the Directors:

- With regard to changes and evaluation of staff for the Statutory Auditors, opinions of the Board of Statutory Auditors shall be held in high regard and any disciplinary disposition of such staff shall be subject to approval of the Board of Statutory Auditors.

(viii) System for reporting by the Directors and employees to the Statutory Auditors and other systems for reporting to the Statutory Auditors:

- The Compliance Committee, the Risk Management Committee, the Information Disclosure Committee and the Internal Auditing Office shall periodically report the state of activities to the Board of Statutory Auditors, and shall report to the Board of Statutory Auditors immediately if they find any act in violation of, or threatening to violate, laws or ordinances or the Articles of Incorporation.
- Of the information provided to the whistle-blowing acceptance office, any matter that threaten to violate laws or ordinances, the Articles of Incorporation or the internal rules shall be reported to the Board of Statutory Auditors.
- The Statutory Auditors may request the Directors and employees to file a report whenever necessary.

(ix) Other systems to ensure effective audits by the Statutory Auditors:

- The President shall have periodic meetings with the Board of Statutory Auditors and exchange opinions with regard to the development of the internal control systems.
- The Company shall exert its efforts to make its officers and employees better understand audits by the Statutory Auditors and improve the environment for audits by the Statutory Auditors.

(6) Fundamental policy on corporate control

The Company recognizes that it is the primary responsibility for the Directors entrusted with corporate management to explore efficient means of increasing its corporate value at all times. If such means is a proposal involving a change in management control, it cannot be denied itself and the final decision for or against the proposal should be left to the shareholders. Therefore, the Company has not adopted any specific takeover defense measure.

However, as the decision for or against the proposal should be left to the shareholders, the Company believes that it is essential that all necessary information should be provided to allow the shareholders to consider to the fullest extent whether or not the proposal will be conducive to enhancing the corporate value of the Company. In the event that any investor emerges who intends to make a large purchase of the shares of the Company and participate in management, the Company will, based on the Financial Instruments and Exchange Act and other laws and ordinances of Japan and the standards of the stock exchanges, ask the investor how he/she/it will enhance the corporate value of the Company and fulfill its shareholders' mandate after acquiring a large portion of its shares and request him/her/it to provide information to the shareholders.

CONSOLIDATED BALANCE SHEET

(as of March 31, 2013)

	(million yen)
ASSETS:	
Current assets:	111,962
Cash and deposits	45,907
Trade notes and trade accounts receivable	34,449
Finished products	2,452
Work in process	6,512
Raw materials and storage	20,171
Deferred tax assets	94
Other assets	2,423
Allowance for doubtful receivables	(47)
Fixed assets:	28,649
Tangible fixed assets:	25,006
Buildings and structures	6,736
Machinery and equipment and motor vehicles	7,404
Tools, furniture and fixtures	3,276
Lands	5,684
Construction in progress	1,904
Intangible fixed assets:	1,152
Investments and other assets:	2,490
Investment securities	783
Prepaid pension cost	875
Deferred tax assets	319
Other investments and other assets	755
Allowance for doubtful receivables	(244)
TOTAL ASSETS	140,611

(million yen)

LIABILITIES:	
Current liabilities:	36,653
Trade notes and trade accounts payable	20,524
Short-term borrowings	5,737
Accrued expenses	4,870
Accrued corporate taxes, etc.	317
Allowance for bonuses	1,291
Other current liabilities	3,911
Long-term liabilities:	2,437
Deferred tax liabilities	1,416
Reserve for employee retirement benefits	810
Other long-term liabilities	210
TOTAL LIABILITIES	39,090
NET ASSETS:	
Shareholders' equity:	113,583
Capital	39,890
Additional paid-in capital	43,252
Retained earnings	30,532
Treasury stock	(91)
Accumulated other comprehensive income:	(12,061)
Valuation difference of other securities	29
Foreign exchange translation adjustment	(12,090)
TOTAL NET ASSETS	101,521
TOTAL LIABILITIES AND NET ASSETS	140,611

(Note) The figures are given by disregarding fractions of a million yen.

CONSOLIDATED STATEMENT OF INCOME

(April 1, 2012 through March 31, 2013)

(million yen)

Net sales		152,098
Cost of sales		145,947
Gross profit on sales		6,151
Selling, general and administrative expenses		10,533
Operating loss		(4,382)
Non-operating income		
Interest income	124	
Royalties earned	151	
Foreign exchange income	1,919	
Other income	469	2,664
Non-operating expenses		
Interest expense	42	
Loss from disposition of fixed assets	252	
Payment compensation	839	
Other expenses	421	1,556
Recurring loss		(3,274)
Special income:		
Governmental subsidies	37	
Gain on sale of fixed assets	82	119
Special loss:		
Impairment loss on fixed assets	610	
Special retirement benefits	556	
Business restructuring expenses	1,576	
Loss from disaster	2,206	4,950
Loss before income taxes and others		(8,105)
Corporate, inhabitant and enterprise taxes	215	
Interperiod tax allocation adjustment	3,223	3,439
Net loss		(11,545)

(Note) The figures are given by disregarding fractions of a million yen.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY, ETC.

(April 1, 2012 through March 31, 2013)

(million yen)

Item	Shareholders' equity				
	Capital	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2012	39,890	43,252	42,077	(91)	125,128
Changes during the year					
Distribution of retained earnings					
Net loss			(11,545)		(11,545)
Acquisition of treasury stock				(0)	(0)
Changes in items other than shareholders' equity during the year – net					
Total changes during the year	-	-	(11,545)	(0)	(11,545)
Balance as of March 31, 2013	39,890	43,252	30,532	(91)	113,583

Item	Accumulated other comprehensive income			Total net assets
	Valuation difference of other securities	Foreign exchange translation adjustment	Total accumulated other comprehensive income	
Balance as of April 1, 2012	6	(16,047)	(16,041)	109,087
Changes during the year				
Distribution of retained earnings				
Net loss				(11,545)
Acquisition of treasury stock				(0)
Changes in items other than shareholders' equity during the year – net	22	3,956	3,979	3,979
Total changes during the year	22	3,956	3,979	(7,566)
Balance as of March 31, 2013	29	(12,090)	(12,061)	101,521

(Note) The figures are given by disregarding fractions of a million yen.

Notes to Consolidated Financial Statements

1. Important matters forming the basis of preparation of consolidated financial statements

(1) Matters concerning the scope of consolidation:

(i) Consolidated subsidiaries:

- Number of consolidated subsidiaries: 17 companies

  The names of major consolidated subsidiaries are as described in "1. Current state of the Mitsumi Group (the "Group"): (3) Major parent company and subsidiaries: (ii) State of major subsidiaries" of the business report.

(ii) Non-consolidated subsidiaries:

- Number of non-consolidated subsidiaries: 2 companies
- Names of non-consolidated subsidiaries: MGI Co., Ltd.; MITSUMI REALTY INC.
- Reason for excluding the subsidiaries from the scope of consolidation:

  The scale of business conducted by 2 non-consolidated subsidiaries are small, and their respective total assets, net sales, net income or loss and retained earnings (based on the Company's equity interest) do not have a material impact on the consolidated financial statements.

(2) Matters concerning the application of the equity method:

(i) Affiliates to which the equity method is applied:

- Number of equity method affiliates: 1 company
- Name of the equity method affiliate: MITSUMI REALTY INC.

(ii) Non-consolidated subsidiaries to which the equity method is not applied:

- Number of non-consolidated subsidiaries to which the equity method is not applied: 1 company
- Name of the non-consolidated subsidiary to which the equity method is not applied: MGI Co., Ltd.
- Reason for not applying the equity method to such company:

  The company to which the equity method is not applied has no significant impact on net income or loss and retained earnings (based on the Company's equity interest), and in general has no significant impact on the consolidated financial statements. Hence, the equity method is not applied to the company and it is valued at cost.

(3) Matters concerning the fiscal years of consolidated subsidiaries:

The balance sheet date of Zhuhai Mitsumi Electric Co., Ltd. and five other consolidated subsidiaries is December 31 of each year. For the purpose of consolidated accounting, the accounts of such consolidated subsidiaries are settled provisionally as of the consolidated balance sheet date.

(4) Matters concerning accounting standards:

(i) Basis and method of valuation of important assets:

a. Securities:

Other securities:

- Those with market value: At market value, determined by market prices, etc. as of the close of the fiscal year (Revaluation differences are all transferred directly to net assets. Selling costs are determined by the moving average method.)
- Those without market value: At cost, determined by the moving average method

b. Inventories:

Inventories are stated at cost (the balance sheet values are calculated by the write-down method based on declined margins).

- Finished products and work in process: Determined by the periodic average method or the moving average method
- Raw materials and storage: Determined by the last cost method principally

(ii) Method of depreciation of important depreciable assets:

a. Tangible fixed assets (excluding lease assets):

Declining balance method based on the useful lives of assets estimated by category, structure and usage; provided, however, that the straight-line method is applicable to the buildings (excluding any appurtenances thereto) acquired on or after April 1, 1998 and some overseas consolidated subsidiaries.

Useful lives of principal tangible fixed assets are as described below:

Buildings and structures:	15 to 38 years
Machinery and equipment and motor vehicles:	5 to 10 years
Tools, furniture and fixtures:	2 to 8 years

b. Intangible fixed assets (excluding lease assets):

Straight-line method based on the useful lives of assets estimated by category and usage.

Software installed in products for sale is depreciated by the straight-line method based on the estimated salable period (3 years) and software for use by the Company is depreciated by the straight-line method based on the useful lives for the Company (5 years).

c. Lease assets:

Lease assets related to finance lease transactions that do not transfer ownership are depreciated by the straight-line method, based on the assumption that the useful life equals to the lease term and the residual value equals to zero.

(iii) Basis for translation of foreign currency assets and liabilities into Japanese currency:

Receivables and payables in foreign currency are translated into Japanese yen based on the spot exchange rate as of the close of the fiscal year and exchange differences are treated as exchange gains or losses. With regard to the overseas consolidated subsidiaries, assets and liabilities are translated into Japanese yen based on the spot exchange rate as of the close of the fiscal year and incomes and expenses are translated into Japanese yen based on the average exchange rate for the year, and exchange differences are reported by inclusion in the foreign exchange translation adjustment in the section of net assets.

(iv) Basis for providing for important reserves:

a. Allowance for doubtful receivables:

To meet losses from loan default, the Company sets aside an estimated uncollectible amount, by taking into consideration the actual loss rate in respect of general credits and the individual possibilities of collection in respect of possible non-performing credits and claims in bankruptcy and corporate reorganization. Its overseas consolidated subsidiaries set aside an estimated uncollectible amount based on individual estimates.

b. Accrued bonuses:

To meet the payment of bonuses to employees, the Company and some of its overseas consolidated subsidiaries set aside an estimated amount of bonuses to be paid for the fiscal year under review.

c. Reserve for employee retirement benefits:

To meet the payment of retirement benefits to employees, the Company and some of its overseas consolidated subsidiaries account for reserves for employee retirement benefits or prepaid pension cost, based on estimated retirement benefit obligations and plan assets as of the close of the fiscal year under review.

With regard to the difference of ¥12,579 million upon restatement of the accounts, ¥2,279 million was amortized by the creation of a retirement benefit trust and the balance of ¥10,300 million, except for the amount to be amortized due to the transfer of the substitutional portion of the Employee Pension Fund, is treated as expenses, based on a pro rata basis for 15 years.

Past service liability is treated as expenses, based on a pro rata basis for a specific period of years (10 years) not exceeding the average remaining years of service of employees when such liability occurs.

Actuarial differences are treated as expenses from the subsequent fiscal year, based on a pro rata basis for a specific period of years (10 years) not exceeding the average remaining years of service of employees when such differences occur.

(v) Method of important hedge accounting:

a. Method of hedge accounting:

The Company engages in forward exchange contracts. A periodic allocation approach may be applicable to foreign currency receivables with forward exchange contracts.

b. Hedging instruments and hedged items:

(Hedging instruments)	Forward exchange contracts
(Hedged items)	Foreign currency receivables

c. Hedging policy:

To hedge risks of currency fluctuations in foreign currency transactions.

d. Method of evaluating the effectiveness of a hedge:

The Company applies the periodic application approach to foreign currency transactions in accordance with its risk management policies. Hence, the determination of effectiveness of such transactions as at the close of the fiscal year is not made.

(vi) Accounting treatment of consumption taxes:

Consumption taxes are treated for accounting purpose on a tax-excluded basis.

(5) Change in the important matters forming the basis of preparation of consolidated financial statements:

(Change in the accounting policy which is difficult to be differentiated from a change in accounting estimates)

In accordance with revisions to the Corporation Tax Act, as from the fiscal year under review, the Company changed its accounting policy for tangible fixed assets acquired on or after April 1, 2012 to the depreciation method based on the revised Corporation Tax Act.

The impact of this change on operating loss, recurring loss and loss before income taxes and others for the fiscal year under review was insignificant.

2. Notes to consolidated balance sheet

Accumulated depreciation of tangible fixed assets: ¥127,642 million

3. Notes to consolidated statement of income

(1) Impairment loss on fixed assets:

(i) Summary of the assets or assets groups with regard to which impairment losses were recognized:

Usage	Item	Location
Business-use asset	Buildings and structures	Japan
Business-use asset	Machinery and equipment and motor vehicles	Japan, Thailand and the Philippines
Business-use asset	Tools, furniture and fixtures	Japan, China, Thailand and the Philippines
Business-use asset	Construction in progress	Japan
Business-use asset	Intangible fixed assets, etc.	Japan
Idle asset	Tools, furniture and fixtures	Japan
Idle asset	Construction in progress	Japan

(ii) Background of the recognition of impairment loss on fixed assets:

With regard to business-use assets, as a result of the investigation of their future recoverability, cash flow proved unlikely to be better than initially estimated. Accordingly, the book values of the fixed assets of the Company and some of its consolidated subsidiaries were reduced to the recoverable values. With regard to idle assets, the book values of fixed assets were reduced to the recoverable values as they proved unlikely to be used.

(iii) Amount of impairment losses:

Buildings and structures	¥106 million
Machinery and equipment and motor vehicles	¥178 million
Tools, furniture and fixtures	¥199 million
Construction in progress	¥95 million
Intangible fixed assets, etc.	¥30 million
Total	¥610 million

(iv) Method of the grouping of assets:

The Group groups its business-use assets by consolidated business, for which profits and losses are monitored on an ongoing basis, as a basic unit. The Group groups idle assets in an individual asset unit.

(v) Method of the calculation of recoverable values:

The recoverable values are calculated based on the use values or net sale values.

The use values, the expected future cash flows before discount of which have proved negative at present, and the net sales values, which are difficult to be calculated rationally by asset, are valued at zero.

(2) Special retirement benefits:

¥556 million of special retirement benefits was incurred as compensations to employees upon transfers of consolidated subsidiaries.

(3) Business restructuring expenses:

¥1,576 million of business restructuring expenses includes expenses with respect to the restructuring of the Company's bases for manufacturing semiconductor devices.

(4) Loss from disaster:

The Company has recorded a loss from anti-Japan demonstrations in China. The breakdown thereof is as follows:

(i)	Disposition of inventories:	¥1,272 million
(ii)	Disposition of fixed assets:	¥383 million
(iii)	Fixed cost while operations were suspended and nonrecurring cost related to restoration:	¥551 million
	Total:	¥2,206 million

No insurance amount to be received from nonlife insurance policies is recorded as it is not determined at present.

4. Notes to consolidated statement of shareholders' equity, etc.

(1) Total number of issued shares:

Class	Number of shares as of April 1, 2012	Increase in the number of shares during the year	Decrease in the number of shares during the year	Number of shares as of March 31, 2013
Shares of common stock	87,498 thousand shares	-	-	87,498 thousand shares

(2) Matters concerning the distribution of retained earnings:

Not applicable.

5. Notes on financial instruments

(1) Matters relating to the status of financial instruments:

The Group invests funds only by short-term deposits and raises funds by loans from banks and financial institutions.

With regard to risks relating to the collection of trade notes and trade accounts receivable, the Group has stipulated its sales administrative task rules and bylaws thereof to reduce risks.

With regard to investment securities, which are principally stocks, the market prices of listed stocks are recognized for each quarter.

Derivatives are exchange contracts to hedge foreign currency risk relating to foreign currency trade accounts receivable. The Company has a policy of not engaging in speculative transactions. The hedging instruments, hedged items, hedging policy, method of evaluating the effectiveness of a hedge, etc. relating to hedge accounting are as described in "1. Important matters forming the basis of preparation of consolidated financial statements: (4) Matters concerning accounting standards: (v) Method of important hedge accounting" above.

(2) Matters concerning fair values, etc. of financial instruments:

The following chart shows amounts for items recorded in the consolidated balance sheet as of March 31, 2013, along with their fair values and the variances:

(million yen)

	Balance sheet amount*	Fair value*	Variance
(1) Cash and deposits	45,907	45,907	-
(2) Trade notes and trade accounts receivable	34,449	34,449	-
(3) Investment securities: Other marketable securities	42	42	-
(4) Trade notes and trade accounts payable	(20,524)	(20,524)	-
(5) Short-term borrowings	(5,737)	(5,737)	-

* The items recognized as liabilities are shown in the parentheses.

(Note 1) Matters concerning the calculation method of the fair values of financial instruments, as well as marketable securities:

(1) Cash and deposits and (2) Trade notes and trade accounts receivable:
The book value is used for these items, as the fair value is nearly equal to the book value as a result of their short settlement periods.

(3) Investment securities:
The fair value of stocks is determined by the prices of the stocks traded on an exchange.

(4) Trade notes and trade accounts payable and (5) Short-term borrowings:
The book value is used for these items, as the fair value is nearly equal to the book value as a result of their short settlement periods.

(Note 2) Unlisted shares (¥741 million on the balance sheet) have no market price and it is impossible to estimate their future cash flow. As determining the market value thereof is recognized as being extremely difficult, they are not included in "(3) Investment securities – Other marketable securities".

6. Notes on information per share

(1) Net assets per share: ¥1,160.88

(2) Net loss per share: ¥132.02

NON-CONSOLIDATED BALANCE SHEET

(as of March 31, 2013)

(million yen)

ASSETS

Current assets:	83,109
Cash and deposits	26,107
Trade notes receivable	727
Trade accounts receivable	32,254
Trade receivables on supply of raw materials	1,658
Merchandise and finished products	203
Work in process	5,706
Raw materials and storage	16,477
Prepaid expenses	32
Other accounts receivable	708
Other current assets	322
Allowance for doubtful receivables	(1,090)
Fixed assets:	50,540
Tangible fixed assets:	16,223
Buildings and structures	4,008
Machinery and equipment	5,048
Motor vehicles	14
Tools, furniture and fixtures	1,678
Lands	5,432
Construction in progress	40
Intangible fixed assets:	358
Utility rights	7
Software	320
Telephone rights	30
Investments and other fixed assets:	33,958
Investment securities	734
Investment in related companies' stock	17,037
Investment capital in related companies' stock	15,195
Prepaid pension cost	851
Other investments and other assets	384
Allowance for doubtful receivables	(244)
TOTAL ASSETS	133,649

(million yen)

LIABILITIES:	
Current liabilities:	34,018
Trade notes payable	1,482
Trade accounts payable	18,894
Short-term loans payable	5,737
Other accounts payable	1,314
Accrued expenses	4,203
Accrued corporate income taxes, etc.	137
Accrued bonuses	1,170
Notes payable relating to facilities	143
Other current liabilities	933
Long-term liabilities:	1,190
Deferred tax liabilities	532
Allowance for operating loss	547
Other long-term liabilities	110
TOTAL LIABILITIES	35,209
NET ASSETS:	
Shareholders' equity:	98,411
Capital	39,890
Additional paid-in capital	42,250
Capital reserve	42,250
Retained earnings	16,362
Earned surplus reserve	1,505
Other retained earnings	14,857
Reserve for deferred income tax on fixed assets	166
Retained earnings brought forward from the previous year	14,690
Treasury stock	(91)
Revaluation and exchange differences, etc.:	29
Valuation difference of other securities	29
TOTAL NET ASSETS	98,440
TOTAL LIABILITIES AND NET ASSETS	133,649

(Note) The figures are given by disregarding fractions of a million yen.

NON-CONSOLIDATED STATEMENT OF INCOME

(April 1, 2012 through March 31, 2013)

(million yen)

Net sales		140,134
Cost of sales		136,881
Gross profit on sales		3,252
Selling, general and administrative expenses		9,325
Operating loss		(6,072)
Non-operating income		
Interest and dividend income	16	
Royalties earned	151	
Foreign exchange income	1,641	
Other income	363	2,172
Non-operating expenses		
Interest expense	41	
Loss from disposition of fixed assets	161	
Compensation expenses	821	
Transfer to allowance for operating loss	208	
Other expenses	98	1,330
Recurring loss		(5,231)
Special income		
Governmental subsidies	37	37
Special loss		
Impairment loss on fixed assets	563	
Business restructuring expenses	1,540	
Loss from disaster	1,320	3,423
Loss before income taxes		(8,617)
Corporate, inhabitant and enterprise taxes	(30)	
Interperiod tax allocation adjustment	2,867	2,837
Net loss		(11,455)

(Note) The figures are given by disregarding fractions of a million yen.

NON-CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY, ETC.

(April 1, 2012 through March 31, 2013)

(million yen)

Item	Shareholders' equity								Revaluation and exchange differences, etc.	Total net assets
	Capital	Additional paid-in capital	Retained earnings				Treasury stock	Total shareholders' equity		
				Other retained earnings						
		Capital reserve	Earned surplus reserve	Reserve for deferred income tax on fixed assets	Retained earnings brought forward from the previous year	Total retained earnings			Valuation difference of other securities	
Balance as of April 1, 2012	39,890	42,250	1,505	178	26,133	27,818	(91)	109,867	6	109,873
Changes during the year										
Distribution of retained earnings										
Reversal of reserve for deferred income tax on fixed assets				(12)	12	-		-		-
Net loss					(11,455)	(11,455)		(11,455)		(11,455)
Acquisition of treasury stock							(0)	(0)		(0)
Changes in items other than shareholders' equity during the year – net									22	22
Total changes during the year	-	-	-	(12)	(11,442)	(11,455)	(0)	(11,455)	22	(11,432)
Balance as of March 31, 2013	39,890	42,250	1,505	166	14,690	16,362	(91)	98,411	29	98,440

(Note) The figures are given by disregarding fractions of a million yen.

Notes to Non-Consolidated Financial Statements

1. Notes to the matters concerning significant accounting policies:

(1) Basis and method of valuation of marketable securities:

(i) Investment in subsidiaries' stock and affiliated companies' stock: At cost, determined by the moving average method

(ii) Other securities:

- Those with market value: At market value, determined by market prices, etc. as of the close of the fiscal year (Revaluation differences are all transferred directly to net assets. Selling costs are determined by the moving average method.)
- Those without market value: At cost, determined by the moving average method

(2) Basis and method of evaluation of inventories:

Inventories are stated at cost (the balance sheet values are calculated by the write-down method based on declined margins).

- Merchandise: Determined by the moving average method
- Finished products and work in process: Determined by the periodic average method
- Raw materials and storage: Determined by the last cost method principally

(3) Method of depreciation of fixed assets (excluding lease assets):

(i) Tangible fixed assets (excluding lease assets):

Declining balance method based on the useful lives of assets estimated by category, structure and usage; provided, however, that the straight-line method is applicable to the buildings (excluding any appurtenances thereto) acquired on or after April 1, 1998.

Useful lives of principal tangible fixed assets are as described below:

Buildings and structures	15 to 38 years
Machinery and equipment	5 to 8 years
Tools, furniture and fixtures	2 to 8 years

(ii) Intangible fixed assets (excluding lease assets):

Straight-line method based on the useful lives of assets estimated by category and usage.

Software installed in products for sale is depreciated by the straight-line method based on the estimated salable period (3 years) and software for use by the Company is depreciated by the straight-line method based on the useful lives for the Company (5 years).

(iii) Lease assets:

Lease assets related to finance lease transactions that do not transfer ownership are depreciated by the straight-line method, based on the assumption that the useful life equals to the lease term and the residual value equals to zero.

(4) Basis for translation of foreign currency assets and liabilities into Japanese currency:

Receivables and payables in foreign currency are translated into Japanese yen based on the spot exchange rate as of the close of the fiscal year and exchange differences are treated as exchange gains or losses.

(5) Basis for providing for reserves:

(i) Allowance for doubtful receivables:

To meet losses from loan default, the Company sets aside an estimated uncollectible amount, by taking into consideration the actual loss rate in respect of general credits and the individual possibilities of collection in respect of possible non-performing credits and claims in bankruptcy and corporate reorganization.

(ii) Accrued bonuses:

To meet the payment of bonuses to employees, the Company sets aside an estimated amount of bonuses to be paid for the fiscal year under review.

(iii) Reserve for employee retirement benefits:

To meet the payment of retirement benefits to employees, the Company provides an amount, based on estimated retirement benefit obligations and plan assets as of the close of the fiscal year under review.

With regard to the difference of ¥12,579 million upon restatement of the accounts, ¥2,279 million was amortized by the creation of a retirement benefit trust and the balance of ¥10,300 million, except for the amount to be amortized due to the transfer of the substitutional portion of the Employee Pension Fund, is treated as expenses, based on a pro rata basis for 15 years.

Past service liability is treated as expenses, based on a pro rata basis for a specific period of years (10 years) not exceeding the average remaining years of service of employees when such liability occurs.

Actuarial differences are treated as expenses from the subsequent fiscal year, based on a pro rata basis for a specific period of years (10 years) not exceeding the average remaining years of service of employees when such differences occur.

The Company accounted for "prepaid pension cost" under investments and other intangible fixed assets as at the end of the fiscal year under review.

(iv) Allowance for operating loss:

To meet losses from the operations of its related companies, the Company sets aside an estimated amount of loss to be incurred by the Company, in excess of the amounts of investment in and receivables from the related companies.

(6) Method of hedge accounting:

- Method of hedge accounting:

  The Company engages in forward exchange contracts. A periodic allocation approach may be applicable to foreign currency receivables with forward exchange contracts.

- Hedging instruments and hedged items:

(Hedging instruments)	Forward exchange contracts
(Hedged items)	Foreign currency receivables

- Hedging policy:

  To hedge risks of currency fluctuations in foreign currency transactions.

- Method of evaluating the effectiveness of a hedge:

  The Company applies the periodic application approach to foreign currency transactions in accordance with its risk management policies. Hence, the determination of effectiveness of such transactions as at the close of the fiscal year is not made.

(7) Accounting treatment of consumption taxes:

Consumption taxes are treated for accounting purpose on a tax-excluded basis.

(8) Change in the accounting policy:

(Change in the accounting policy which is difficult to be differentiated from a change in accounting estimates)

In accordance with revisions to the Corporation Tax Act, as from the fiscal year under review, the Company changed its accounting policy for tangible fixed assets acquired on or after April 1, 2012 to the depreciation method based on the revised Corporation Tax Act.

The impact of this change on operating loss, recurring loss and loss before income taxes for the fiscal year under review was insignificant.

2. Notes to non-consolidated balance sheet

(1) Accumulated depreciation of tangible fixed assets: ¥93,125 million

(2) Money debts due from and payable to related companies:

(i) Short-term money debts due from related companies: ¥7,627 million

(ii) Short-term money debts payable to related companies: ¥4,427 million

(3) Aggregate money debts payable to Directors and Statutory Auditors:

Long-term money debts payable to Directors and Statutory Auditors: ¥95 million

3. Notes to non-consolidated statement of income

(1) Transactions with related companies:

(i) Sales: ¥33,470 million

(ii) Purchases: ¥53,855 million

(iii) Provision for value: ¥6,621 million

(iv) Transactions other than ordinary business: ¥177 million

(2) Impairment loss on fixed assets:

(i) Summary of the assets or assets groups with regard to which impairment losses were recognized:

Usage	Item	Location
Business-use asset	Buildings and structures	Chitose City, Hokkaido, etc.
Business-use asset	Machine and equipment	Atsugi City, Kanagawa, etc.
Business-use asset	Motor vehicles	Chitose City, Hokkaido, etc.
Business-use asset	Tools, furniture and fixtures	Atsugi City, Kanagawa, etc.
Business-use asset	Construction in progress	Chitose City, Hokkaido, etc.
Business-use asset	Intangible fixed assets, etc.	Atsugi City, Kanagawa, etc.
Idle asset	Tools, furniture and fixtures	Yamagata City, Yamagata, etc.
Idle asset	Construction in progress	Tama City, Tokyo, etc.

(ii) Background of the recognition of impairment loss on fixed assets:

With regard to business-use assets, as a result of the investigation of their future recoverability, cash flow proved unlikely to be better than initially estimated. Accordingly, the book values of the fixed assets of the Company were reduced to the recoverable values. With regard to idle assets, the book values of fixed assets were reduced to the recoverable values as they proved unlikely to be used.

(iii) Amount of impairment losses:

Buildings and structures	¥106 million
Machinery and equipment	¥157 million
Motor vehicles	¥0 million
Tools, furniture and fixtures	¥172 million
Construction in progress	¥95 million
Intangible fixed assets, etc.	¥30 million
Total	¥563 million

(iv) Method of the grouping of assets:

The Company groups its business-use assets by business, for which profits and losses are monitored on an ongoing basis, as a basic unit. The Company groups idle assets in an individual asset unit.

(v) Method of the calculation of recoverable values:

The recoverable values are calculated based on the use values or net sale values.

The use values, the expected future cash flows before discount of which have proved negative at present, and the net sales values, which are difficult to be calculated rationally by asset, are valued at zero.

(3) Business restructuring expenses:

¥1,540 million of business restructuring expenses includes expenses with respect to the restructuring of the Company's bases for manufacturing semiconductor devices.

(4) Loss from disaster:

The Company has recorded a loss from anti-Japan demonstrations in China. The breakdown thereof is as follows:

(i)	Disposition of inventories:	¥1,161 million
(ii)	Disposition of fixed assets:	¥31 million
(iii)	Fixed cost while operations were suspended and nonrecurring cost related to restoration:	¥127 million
	Total:	¥1,320 million

No insurance amount to be received from nonlife insurance policies is recorded as it is not determined at present.

4. Notes to non-consolidated statement of shareholders' equity, etc.

Matters concerning the number of shares of treasury stock:

Class	Number of shares as of April 1, 2012	Increase in the number of shares during the year	Decrease in the number of shares during the year	Number of shares as of March 31, 2013
Shares of common stock	45 thousand shares	0 thousand share	-	46 thousand shares

(Note) The number of shares of treasury stock increased as a result of the purchases of less-than-one-unit shares.

5. Notes on employee retirement benefits

(1) Outline of the retirement benefit plans adopted by the Company:

The Company has a defined-benefit corporate pension fund plan.

(2) Matters concerning retirement benefit obligations:

(million yen)

(i)	Retirement benefit obligations	(28,085)
(ii)	Plan assets	24,988
(iii)	Unfunded retirement benefit obligations ((i)+(ii))	(3,096)

(iv)	Unappropriated difference upon restatement of the accounts	732
(v)	Unrecognized past service liability	(1,116)
(vi)	Unrecognized actuarial differences	4,331
(vii)	Net balance sheet amount ((iii)+(iv)+(v)+(vi))	851
(viii)	Prepaid pension cost	851
(ix)	Reserve for employee retirement benefits ((vii)-(viii))	-

(3) Matters concerning retirement benefit cost (April 1, 2012 to March 31, 2013)

(million yen)

(i)	Service cost	1,242
(ii)	Interest cost	474
(iii)	Expected investment yields	(448)
(iv)	Appropriated cost of difference upon restatement of the accounts	366
(v)	Appropriated cost of past service liability	(112)
(vi)	Appropriated cost of actuarial differences	1,027
(vii)	Retirement benefit cost ((i)+(ii)+(iii)+(iv)+(v)+(vi))	2,550

(Note) In addition to the retirement benefit cost listed above, ¥58 million of additional retirement payments included in business restructuring expenses is recorded as a special loss.

(4) Matters concerning the basis for calculating employee benefit obligations, etc.

(i)	Method of periodic allocation of estimated amounts of retirement benefits	Periodic flat-rate formula
(ii)	Discount rate	1.5%
(iii)	Rate of expected investment yields	2.0%
(iv)	Years of appropriation of the difference upon restatement of the accounts	15 years
(v)	Years of appropriation of past service liability	10 years
(vi)	Years of appropriation of actuarial differences	10 years

6. Notes on tax effect accounting

(1) Analysis of principal items that caused the accrual of deferred tax assets and deferred tax liabilities:

(million yen)

Current assets and current liabilities:	
Deferred tax assets	
Non-admitted accrued bonuses	444
Non-admitted revaluation loss of inventories	564
Non-admitted loss from disposition of fixed assets	2
Non-admitted accrued expenses	1,054
Others	156
Sub-total	2,222
Valuation allowance	(2,209)
Balance of deferred tax assets	12
Offset against deferred tax liabilities	(12)
Net deferred tax assets	-
Deferred tax liabilities	
Reserve for deferred income tax on fixed assets	(12)
Total deferred tax liabilities	(12)
Offset against deferred tax assets	12
Net deferred tax liabilities	-
Fixed assets and long-term liabilities:	
Deferred tax assets	
Excess depreciation amount	652
Non-admitted impairment loss on fixed assets	2,134
Loss carry-forward	10,166
Valuation loss of investment in related companies' stock	523
Valuation loss of investment capital in related companies' stock	532
Reserve for employee retirement benefits	229
Others	719
Sub-total	14,958
Valuation allowance	(14,782)
Balance of deferred tax assets	176
Offset against deferred tax liabilities	(176)
Net deferred tax assets	-
Deferred tax liabilities	
Prepaid pension cost	(306)
Reserve for deferred income tax on fixed assets	(176)
Valuation loss of investment in related companies' stock	(213)
Others	(12)
Total deferred tax liabilities	(709)
Offset against deferred tax assets	176
Net deferred tax liabilities	(532)

(2) Analysis of principal items that caused a difference between the statutory effective tax rate and the corporate tax charge rate after application of tax effect accounting:

No analysis is given here as the Company registered a loss before income taxes for the fiscal year under review.

7. Notes on transactions with related parties

Subsidiaries, etc.

Attribute	Corporate name	Address	Capital stock or contribu-tion	Business	Ratio of voting rights held by (in) the Company	Relationship		Transaction	Transaction amount (million yen)	Account	Year-end balance (million yen)
						Number of interlocking officers	Business relationship				
Subsidiary	Zhuhai Mitsumi Electric Co., Ltd.	Zhuhai, Quangdong, The People's Republic of China	RMB 230,358 thousand	Manufacture of electronic and communications equipment parts	Held by the Company Direct: 100%	2	Manufacture of system parts, high-frequency parts and power-unit parts of the Company	Provision of raw materials for value	759	Trade receivables on supply of raw materials	62
								Purchase of products	18,807	Trade accounts payable	1,097
Subsidiary	MITSUMI CO., LTD.	Hong Kong	HK$8,000 thousand	Sale of electronic and communications equipment parts	Held by the Company Direct: 100%	2	Sale of products of the Company	Sales of products	22,618	Trade accounts receivable	3,756

(Notes) Terms of transactions and the policy on determination thereof, etc.:

1. The provision of raw materials for value is determined based on predetermined costs of the Company.
2. Sales and purchases of products are determined by negotiations from time to time, in consideration of market prices and gross costs.
3. The transaction amount and the year-end balance do not include consumption taxes.

8. Notes on information per share

(1) Net assets per share: ¥1,125.65

(2) Net loss per share: ¥130.99

Account Auditors' Audit Report on Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 14, 2013

To: The Board of Directors
Mitsumi Electric Co., Ltd.

Deloitte Touche Tohmatsu LLC

By Toshiyuki Ono (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

By Yasunari Kunii (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

By Takako Fujimoto (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

In accordance with the provision of Article 444, paragraph 4 of the Companies Act of Japan, this firm has audited the consolidated financial statements, or the consolidated balance sheet, the consolidated statement of income, the consolidated statement of shareholders' equity, etc. and the notes to consolidated financial statements of Mitsumi Electric Co., Ltd. (the "Company"), covering the consolidated fiscal year from April 1, 2012 to March 31, 2013.

Management's Responsibility for Consolidated Financial Statements

The responsibility of the Company's management is to prepare and present properly these consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly these consolidated financial statements free of material misstatement by fraud or error.

Account Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements from an independent standpoint, based on our audit conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to formulate an audit plan and conduct an audit based thereon to obtain reasonable assurance about whether these consolidated financial statements are free of material misstatement.

In an audit, procedures are taken to obtain audit evidence as to the amounts in consolidated financial statements and disclosure thereof. Audit procedures, on our own judgment, are selected and applied based on our risk assessment of material misstatement in the consolidated financial statements by fraud or error. An audit is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, we assess internal control related to the preparation and proper presentation of these consolidated financial statements to form a plan for adequate audit procedures according to conditions. An audit also includes assessing the accounting policies and methods of application thereof employed by management and estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

We believe that our audit provides sufficient and appropriate audit evidence forming a basis for our opinion.

Accounting Auditors' Opinion

This firm is of the opinion that the abovementioned consolidated financial statements present fairly the state of the property and profit and loss of the corporate group consisting of Mitsumi Electric Co., Ltd. and its consolidated subsidiaries for the period related to the consolidated financial statements in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

Financial Interest

There is no such relation of interests between the Company and this auditing firm or any engagement partner thereof as is required to be stated under the Certified Public Accountant Act of Japan.

- END -

Account Auditors' Audit Report on Non-Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 14, 2013

To: The Board of Directors
Mitsumi Electric Co., Ltd.

Deloitte Touche Tohmatsu LLC

By Toshiyuki Ono (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

By Yasunari Kunii (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

By Takako Fujimoto (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

In accordance with the provision of Article 436, paragraph 2, item 1 of the Companies Act of Japan, this auditing firm audited the non-consolidated financial statements, or the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of shareholders' equity, etc. and the notes to non-consolidated financial statements, and their accompanying supplemental schedules for the 68th fiscal year of Mitsumi Electric Co., Ltd. (the "Company") covering the period from April 1, 2012 to March 31, 2013.

Management's Responsibility for Non-Consolidated Financial Statements, etc.

The responsibility of the Company's management is to prepare and present properly these non-consolidated financial statements and their accompanying supplemental schedules in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly these non-consolidated financial statements and their accompanying supplemental schedules free of material misstatement by fraud or error.

Account Auditors' Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and their accompanying supplemental schedules based on our audit conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to formulate an audit plan and conduct an audit based thereon to obtain reasonable assurance about whether these non-consolidated financial statements and their accompanying supplemental schedules are free of material misstatement.

In an audit, procedures are taken to obtain audit evidence as to the amounts in non-consolidated financial statements and their accompanying supplemental schedules and disclosure thereof. Audit procedures, on our own judgment, are selected and applied based on our risk assessment of material misstatement in the non-consolidated financial statements and their accompanying supplemental schedules by fraud or error. An audit is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, we assess internal control related to the preparation and proper presentation of these non-consolidated financial statements and their accompanying supplemental schedules to form a plan for adequate audit procedures according to conditions. An audit also includes assessing the accounting policies and methods of application thereof employed by management and estimates made by management, as well as evaluating the overall presentation of these non-consolidated financial statements and their accompanying supplemental schedules.

We believe that our audit provides sufficient and appropriate audit evidence forming a basis for our opinion.

Account Auditors' Opinion

This firm is of the opinion that the non-consolidated financial statements and their accompanying supplemental schedules mentioned above present fairly the state of the property and profit and loss of the Company for the period related to related to the non-consolidated financial statements and their accompanying supplemental schedules in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

We are of the opinion that the above consolidated financial statements present properly the financial position and profit and loss of the corporate group comprised of Funai Electric Co., Ltd. and its consolidated subsidiaries for the period related to the consolidated financial statements in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

Financial Interest

There is no such relation of interests between the Company and this auditing firm or any engagement partner thereof as is required to be stated under the Certified Public Accountant Act of Japan.

- END -

Board of Statutory Auditors' Audit Report

AUDITORS' REPORT

We, the Board of Statutory Auditors of the Company, report upon deliberation based upon the audit report prepared by each Statutory Auditor on the performance by the Directors of their duties during the 68th fiscal year from April 1, 2012 to March 31, 2013, unanimously prepared this audit and hereby report as follows:

1. Method of audit by the Statutory Auditors and the Board of Statutory Auditors and the particulars thereof:

The Board of Statutory Auditors determined the audit policy and audit plans, including assignment of duties, for the fiscal year under review, received from each Statutory Auditor reports on the state of his performance of audits and the results thereof, and also received from the Directors, etc. and the account auditors reports on the state of performance of their duties and demanded their explanations whenever necessary.

Each Statutory Auditor, pursuant to the audit policy and audit plans, including assignment of duties, for the fiscal year under review determined by the Board of Statutory Auditors, maintained constant communication with the Directors, the internal audit sections and other employees, etc. in an effort to collect information and improve the environment for auditing, attended meetings of the Board of Directors and other important meetings, received from the Directors and employees, etc. reports on the state of performance of their duties, demanded their explanations whenever necessary, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and principal business offices of the Company. With regard to the details of the resolutions of the Board of Directors for establishing systems to secure that the performance by the Directors of their duties will comply with laws and ordinances and the Articles of Incorporation and such other systems provided for in Article 100, paragraphs 1 and 3 of the Regulations to Enforce the Companies Act of Japan as necessary to secure the adequacy of business of joint-stock corporations, as well as the status of the systems (internal control systems) established pursuant to such resolutions, which are described in the business report, we periodically received from the Directors and employees, etc. reports, demanded their explanations and expressed our opinions whenever necessary, on the state of formulation and operation thereof. With regard to the fundamental policy under Article 118, item 3(a) of the Regulations to Enforce the Companies Act, as described in the business report, we investigated the details thereof by taking into account the developments of deliberation by the Board of Directors, etc. With regard to its subsidiaries, we maintained constant communication and exchanged information with the directors, statutory auditors, etc. thereof and required the subsidiaries to render reports on their business operations whenever necessary. In accordance with such methods, we investigated the business report and its accompanying detailed statements for the fiscal year under review.

We also monitored and verified whether the account auditors had maintained an independent position and conducted adequate audits, and received from the account auditors reports on the state of performance of their duties and demanded their explanations whenever necessary. In addition, we received from the account auditors a notice that the "systems to secure adequate performance of duties" (as listed in the items of Article 131 of the Regulations on Corporate Accounts) had been established in accordance with the "Standard for Quality Control Concerning Audits" (the Accounting Standards Board of Japan, October 28, 2005) and demanded their explanations whenever necessary. In accordance with such methods, we investigated the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of shareholders' equity, etc. and the notes to non-consolidated financial statements) and their accompanying supplemental schedules, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of shareholders' equity, etc. and the notes to consolidated financial statements), for the fiscal year under review.

2. Results of audit:

(1) Results of audit of the business report, etc.:

We are of the opinion:

i. That the business report and its accompanying detailed statements present fairly the state of the Company in accordance with laws and ordinances and the Articles of Incorporation;

ii. That in connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws or ordinances or the Articles of Incorporation exists;

iii. That the details of the resolutions of the Board of Directors on internal control systems are proper and that the descriptions in the business report and the performance by the Directors of their duties concerning such internal control systems contain nothing to be pointed out; and

iv. That the details of the fundamental policy on corporate control described in the business report contain nothing to be pointed out.

(2) Results of audit of the non-consolidated financial statements and their accompanying supplemental schedules:

We are of the opinion that the method and results of the audit made by the account auditors, Deloitte Touche Tohmatsu LLC, are proper.

(3) Results of audit of the consolidated financial statements:

We are of the opinion that the method and results of the audit made by the account auditors, Deloitte Touche Tohmatsu LLC, are proper.

May 22, 2013

The Board of Statutory Auditors
Mitsumi Electric Co., Ltd.

Kenji Shinya (seal)
Full-time Statutory Auditor
(External Statutory Auditor)

Shizuumi Nojima (seal)
Full-time Statutory Auditor

Makoto Yamada (seal)
Full-time Statutory Auditor
(External Statutory Auditor)

Miyuki Hara (seal)
Statutory Auditor
(External Statutory Auditor)

- END -

Reference Documents for the General Meeting of Shareholders

Proposition No. 1: Amendment to the Articles of Incorporation

1. Reasons for the amendment:

In order to have capable persons with various knowledge and experiences as external Directors, the Company intends to establish a new provision for "agreements to limit liabilities of external Directors" pursuant to the provision of Article 427, paragraph 1 of the Companies Act of Japan.

Each of the Statutory Auditors has consented to the submission of this proposition.

2. The particulars of the proposed amendment:

The particulars of the proposed amendment are as follows:

(Underlines show the amendment.)

Current Articles of Incorporation	Proposed amendment
Chapter IV. Directors and Board of Directors	**Chapter IV. Directors and Board of Directors**
(To be newly established)	(Agreement to limit liabilities of external Directors) Article 26. The Company may enter into an agreement with any external Director to limit his/her liability for any damage for the failure to perform his/her duties, pursuant to the provision of Article 427, paragraph 1 of the Companies Act of Japan; provided, however, that the limit on his/her liability under such agreement shall be the amount as provided for in laws or ordinances.
Article 26 to Article 36 (Descriptions omitted)	(To be moved forward)

Proposition No. 2: Election of one (1) Director

To strengthen corporate governance, it is hereby proposed that one (1) external Director be elected. The term of office of the Director to be newly elected shall expire at such time as the term of office of the Directors in office shall expire in accordance as provided for in the Articles of Incorporation of the Company.

The candidate for Director is follows:

Name (Date of birth)	Brief history, position and duties in the Company (and important concurrent office)		Number of shares of the Company held by Candidate
Tetsuya Sekimoto (February 26, 1956)	April 1989	Attorney at law registered with the Tokyo Bar Association	0 share
	April 1989	Joined Kita and Kimura Law and Tax Office	
	April 1991	Established Sakura Sogo Law and Accounting Office (currently, Del Sole Sakura Law Office)	
	January 2012	External Statutory Auditor, Koyo Chemical Kabushiki Kaisha, to date	
		(Important concurrent office)	
		External Statutory Auditor, Koyo Chemical Kabushiki Kaisha	

(Notes)

1. There is no conflict of interest between the candidate and the Company.
2. Mr. Tetsuya Sekimoto is a candidate for new Director.
3. Mr. Tetsuya Sekimoto is a candidate for external Director.
4. The reason for selecting Mr. Tetsuya Sekimoto as a candidate for external Director is that the Company expects him to reflect his wide experience and expertise and ardent law-abiding spirit as an attorney in law on the improvement and operation of internal control of the Company and its management in compliance with law.

   He has not been involved in management of a company other than by way of assuming the office of external director or external statutory auditor. However, the Company considers that he will duly perform the duties of external Director based on the reason stated above.
5. When Proposition No. 1 "Amendment to the Articles of Incorporation" is approved and adopted as proposed at this General Meeting of Shareholders and Mr. Tetsuya Sekimoto assumes office as an external Director, the Company will enter into an agreement with him to limit his liabilities pursuant to the provision of Article 427, paragraph 1 of the Companies Act of Japan. The outline of the agreement is as follows:
   - When any external Director is liable to the Company for any damage for the failure to perform his/her duties, he/she shall be so liable within the amount as provided for in laws or ordinances.
   - The limitation of liabilities as stated above shall be applicable only if and when the external Director performs his/her duties for which he/she will become liable, in good faith or with no gross negligence.
6. Mr. Tetsuya Sekimoto meets the requirements as an independent officer as stipulated by Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. and the Company will register him with both exchanges as such.
7. The Company has not entered, or does not plan to enter, into any advisory agreement or any other entrustment agreement with Mr. Tetsuya Sekimoto or his law office.

Proposition No. 3: Election of two (2) Statutory Auditors

The term of office of Statutory Auditors Messrs. Kenji Shinya and Miyuki Hara will expire at the close of this General Meeting of Shareholders. Hence, it is hereby proposed that two Statutory Auditors be elected.

The Board of Statutory Auditors has consented to the submission of this proposition.

The candidates for Statutory Auditor are follows:

Candi date No.	Name (Date of birth)	Brief history, position and duties in the Company (and important concurrent office)		Number of shares of the Company held by Candidate
1.	Kenji Shinya (February 2, 1950)	April 1972	Joined The Mitsui Bank, Limited	7,200 shares
		August 1991	Deputy General Manager of Nihonbashi Sales Department II, The Mitsui Taiyo Kobe Bank, Limited	
		Dec. 1995	General Manager of Tsurumi Branch, The Sakura Bank, Limited	
		May 1997	General Manager of Nagoya Sales Division II, The Sakura Bank, Limited	
		April 2002	Senior Managing Director, Mitsui Auto Leasing Company, Limited (currently, SMBC AUTO LEASING COMPANY, LIMITED)	
		June 2005	Full-time Statutory Auditor of the Company, to present	
2.	Tateru Sugio* (August 26, 1950)	April 1969	Joined the Tokyo Regional Taxation Bureau	0 share
		July 1993	International Examination Specialist, General Examination Division, Examination Department IV, Tokyo Regional Taxation Bureau	
		July 2001	Special Examiner, Examination Department I, Tokyo Regional Taxation Bureau	
		July 2005	Director-General, Odawara Tax Office	
		July 2009	Director-General, Examination Department IV, Tokyo Regional Taxation Bureau	
		July 2010	Retired from the Tokyo Regional Taxation Bureau	
		August 2010	Registered as a certified tax accountant	
		September 2010	Certified tax accountant; partner of Kojimachi Godo Office, a tax account corporation	
		June 2012	Established Tateru Sugio Certified Tax Accountant Office; External Statutory Auditor, Asuka Pharmaceutical Co., Ltd.	
			(Important concurrent office) External Statutory Auditor, Asuka Pharmaceutical Co., Ltd.	

(Notes) 1. There is no conflict of interest between any candidate and the Company.

2. * indicates a candidate for new Statutory Auditor.

3. Messrs. Kenji Shinya and Tateru Sugio are candidates for external Statutory Auditor.

4. The reason for selecting Mr. Kenji Shinya as a candidate for external Statutory Auditor is to ensure the appropriate audit backed with his extensive knowledge in management, accounting and law. The term since his assumption of office as external Statutory Auditor will have been eight (8) years at the closing of this General Meeting of Shareholders.

   The reason for selecting Mr. Tateru Sugio as a candidate for external Statutory Auditor is that the Company expects him to reflect his long experience in the taxation field and expertise as a certified tax accountant to audit of the Company.

   Mr. Tateru Sugio has not been involved in management of a company other than by way of assuming the office of external director or external statutory auditor. However, the Company considers that he will duly perform the duties of external Statutory Auditor based on the reason stated above.

5. When Messrs. Kenji Shinya and Tateru Sugio assume office as external Statutory Auditors, the Company will enter into agreements with them to limit their liabilities pursuant to the provision of Article 427, paragraph 1 of the Companies Act of Japan. The outline of the agreements is as follows:

   ▪ When any external Statutory Auditor is liable to the Company for any damage for the failure to perform his/her duties, he/she shall be so liable within the amount as provided for in laws or ordinances.

   ▪ The limitation of liabilities as stated above shall be applicable only if and when the external Statutory Auditor performs his/her duties for which he/she will become liable, in good faith or with no gross negligence.

6. The Company has registered Mr. Kenji Shinya as an independent officer in accordance as stipulated by Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. The Company plans to continue registering him with both exchanges as such. Mr. Tateru Sugio meets the requirements as an independent officer as stipulated by Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. and the Company plans to register him with both exchanges as such.

7. The Company has not entered, or does not plan to enter, into any advisory agreement or any other entrustment agreement with Mr. Tateru Sugio or his tax accounting office.

- END -