CONSOLIDATED FINANCIAL STATEMENTS

FURUKAWA ELECTRIC CO., LTD. AND

ITS SUBSIDIARIES

March 31, 2013 and 2012

CONSOLIDATED BALANCE SHEETS
FURUKAWA ELECTRIC CO., LTD. AND
ITS SUBSIDIARIES
At March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
ASSETS			
Current assets:			
Cash and bank deposits (Notes 4 and 9)	¥ 31,293	¥ 33,246	$ 332,904
Marketable securities (Note 5)	17	114	181
Trade receivable	222,431	221,998	2,366,287
Inventories (Note 6)	104,249	94,889	1,109,032
Deferred income taxes (Note 16)	6,312	6,732	67,149
Other current assets	29,562	34,014	314,489
Allowance for doubtful accounts	(1,220)	(897)	(12,978)
Total current assets	392,644	390,096	4,177,064
Non-current assets:			
Investments and long-term loans (Notes 5, 7 and 9)	117,709	103,368	1,252,223
Property, plant and equipment, net of accumulated depreciation (Notes 8, 9 and 15)	280,087	262,126	2,979,649
Deferred income taxes (Note 16)	5,895	10,681	62,713
Other assets	25,811	26,312	274,585
Allowance for doubtful accounts	(2,444)	(2,468)	(26,000)
Total non-current assets	427,058	400,019	4,543,170
Total	¥ 819,702	¥ 790,115	$ 8,720,234

	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 3) 2013
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt (Note 9)	¥ 125,050	¥ 141,857	$ 1,330,319
Current portion of bonds (Note 9)	2,333	16,562	24,819
Trade payable	133,125	122,000	1,416,223
Customers' advances	3,161	3,463	33,628
Accrued income taxes	2,847	1,117	30,287
Deferred income taxes (Note 16)	42	30	447
Provision for product defect compensation(Note 2h)	1,397	1,587	14,862
Provision for loss on disaster(Note 2j)	144	262	1,532
Other current liabilities	59,769	58,828	635,840
Total current liabilities	327,868	345,706	3,487,957
Long-term liabilities :			
Bonds(Note 9)	30,284	22,547	322,170
Long-term debt (Note 9)	162,831	144,254	1,732,245
Accrued retirement benefits (Note 10)	52,294	57,566	556,319
Provision for environmental costs (Note 2i)	12,048	12,141	128,170
Asset retirement obligation	1,214	1,214	12,915
Deferred income taxes (Note 16)	1,307	746	13,904
Other long-term liabilities	9,012	8,372	95,873
Total long-term liabilities	268,990	246,840	2,861,596
Contingent liabilities (Note 12)			
Net assets			
Shareholders' equity (Note 11)			
Common stock			
Authorized shares, 2,500,000 thousand in 2013 and 2012			
Issued shares, 706,669 thousand in 2013 and 2012	69,395	69,395	738,245
Capital surplus	21,468	21,468	228,383
Retained earnings	76,125	72,482	809,840
Common treasury stock, at cost 596 thousand in 2013 590 thousand in 2012	(275)	(274)	(2,925)
Total shareholders' equity	166,713	163,071	1,773,543
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities (Note 5)	18,160	11,548	193,191
Deferred gain on derivatives under hedge accounting (Note 2c)	419	590	4,457
Adjustments for retirement benefits of an overseas subsidiary	(4,206)	(4,057)	(44,744)
Foreign currency translation adjustments	(15,346)	(26,457)	(163,255)
Total accumulated other comprehensive income	(973)	(18,376)	(10,351)
Minority interests	57,104	52,874	607,489
Total net assets	222,844	197,569	2,370,681
Total	¥ 819,702	¥ 790,115	$ 8,720,234

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

FURUKAWA ELECTRIC CO., LTD. AND
ITS SUBSIDIARIES

For the years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Net sales	¥ 924,717	¥ 918,808	$ 9,837,415
Cost of sales (Note 14)	786,826	786,952	8,370,489
Gross profit	137,891	131,856	1,466,926
Selling, general and administrative expenses (Note 14)	120,128	115,909	1,277,958
Operating income	17,763	15,947	188,968
Other income (expenses):			
Interest and dividend income	2,139	2,312	22,755
Interest expense	(5,067)	(5,240)	(53,904)
Foreign exchange income (loss), net	2,678	(86)	28,489
Equity in income of non-consolidated subsidiaries and affiliates	112	126	1,191
Gain on sales of investment securities (Note 5)	3	5,655	32
Loss on write-down of investment securities	(170)	(575)	(1,809)
Reversal of provision for doubtful accounts	61	364	649
Gain on disposal of property, plant and equipment	166	8,371	1,766
Loss on disposal of property, plant and equipment	(839)	(1,419)	(8,926)
Impairment loss (Notes 2r and 15)	(2,582)	(2,025)	(27,468)
Charges for violating U.S. antitrust law	-	(15,296)	-
Business restructuring costs	(1,709)	(1,740)	(18,181)
Gain from insurance proceeds	1,783	1,303	18,968
Cartel-related costs	(1,099)	(654)	(11,691)
Other, net	(408)	(5,108)	(4,340)
	(4,932)	(14,012)	(52,469)
Income before income taxes and minority interests	12,831	1,935	136,500
Income taxes (Note 16) :			
Current	4,823	5,608	51,309
Deferred	2,217	5,889	23,585
	7,040	11,497	74,894
Net income (loss) before minority interests	5,791	(9,562)	61,606
Minority interests in earning of consolidated subsidiaries	2,214	1,561	23,553
Net income (loss)	¥ 3,577	¥ (11,123)	$ 38,053

	Yen		U.S. dollars
	2013	2012	2013
Per common share (Notes 2p and q)			
Basic net income (loss)	¥ 5.07	¥ (15.75)	$ 0.05
Diluted net income	-	-	-
Cash dividends	¥ 3.00	¥ 2.50	$ 0.03

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHEMSIVE INCOME

FURUKAWA ELECTRIC CO., LTD. AND
ITS SUBSIDIARIES

For the years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Net income (loss) before minority interests	¥ 5,791	¥ (9,562)	$ 61,606
Other comprehensive income			
Unrealized gain or loss on available-for-sale securities	6,702	(2,655)	71,298
Deferred gain or loss on derivatives under hedge accounting	(151)	34	(1,606)
Adjustments for retirement benefits of an overseas subsidiary	(141)	(444)	(1,500)
Foreign currency translation adjustments	11,288	(3,440)	120,085
Share of other comprehensive income of affiliates accounted for by the equity method	2,138	(912)	22,744
Total other comprehensive income (Note 17)	19,836	(7,417)	211,021
Comprehensive income (Note 17)	¥ 25,627	¥ (16,979)	$ 272,627
Attributable to :			
Shareholders of the parent company	¥ 21,001	¥ (17,743)	$ 223,415
Minority interests	¥ 4,626	¥ 764	$ 49,212

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FURUKAWA ELECTRIC CO., LTD. AND
ITS SUBSIDIARIES

(For the years ended March 31, 2013)

Millions of yen

	Shareholders' equity									
		Common stock		Capital surplus		Retained earnings		Common treasury stock		Total Shareholders' equity
Balance at April 1, 2012	¥	69,395	¥	21,468	¥	72,482	¥	(274)	¥	163,071
Net income		-		-		3,577		-		3,577
Net effect of increase in consolidated subsidiaries		-		-		106		-		106
Net effect of decrease in affiliates accounted for by the equity method		-		-		(40)		-		(40)
Acquisition of treasury stock		-		-		-		(1)		(1)
Disposal of treasury stock		-		(0)		-		0		0
Net change during the year		-		-		-		-		-
Balance at March 31, 2013	¥	69,395	¥	21,468	¥	76,125	¥	(275)	¥	166,713

Millions of yen

	Accumulated other comprehensive income													
		Unrealized gain on available-for-sale securities		Deferred gain on derivatives under hedge accounting		Adjustments for retirement benefits of an overseas subsidiary		Foreign currency translation adjustments		Total accumulated other comprehensive income		Minority interests		Total net assets
Balance at April 1, 2012	¥	11,548	¥	590	¥	(4,057)	¥	(26,457)	¥	(18,376)	¥	52,874	¥	197,569
Net income		-		-		-		-		-		-		3,577
Net effect of increase in consolidated subsidiaries		-		-		-		-		-		-		106
Net effect of decrease in affiliates accounted for by the equity method		-		-		-		-		-		-		(40)
Acquisition of treasury stock		-		-		-		-		-		-		(1)
Disposal of treasury stock		-		-		-		-		-		-		0
Net change during the year		6,612		(171)		(149)		11,111		17,403		4,230		21,633
Balance at March 31, 2013	¥	18,160	¥	419	¥	(4,206)	¥	(15,346)	¥	(973)	¥	57,104	¥	222,844

Thousands of U.S. dollars (Note 3)

	Shareholders' equity									
		Common stock		Capital surplus		Retained earnings		Common treasury stock		Total Shareholders' equity
Balance at April 1, 2012	$	738,245	$	228,383	$	771,085	$	(2,915)	$	1,734,798
Net income		-		-		38,053		-		38,053
Net effect of increase in consolidated subsidiaries		-		-		1,128		-		1,128
Net effect of decrease in affiliates accounted for by the equity method		-		-		(426)		-		(426)
Acquisition of treasury stock		-		-		-		(10)		(10)
Disposal of treasury stock		-		(0)		-		0		0
Net change during the year		-		-		-		-		-
Balance at March 31, 2013	$	738,245	$	228,383	$	809,840	$	(2,925)	$	1,773,543

Thousands of U.S. dollars (Note 3)

	Accumulated other comprehensive income													
		Unrealized gain on available-for-sale securities		Deferred gain on derivatives under hedge accounting		Adjustments for retirement benefits of an overseas subsidiary		Foreign currency translation adjustments		Total accumulated other comprehensive income		Minority interests		Total net assets
Balance at April 1, 2012	$	122,851	$	6,276	$	(43,159)	$	(281,457)	$	(195,489)	$	562,489	$	2,101,798
Net income		-		-		-		-		-		-		38,053
Net effect of increase in consolidated subsidiaries		-		-		-		-		-		-		1,128
Net effect of decrease in affiliates accounted for by the equity method		-		-		-		-		-		-		(426)
Acquisition of treasury stock		-		-		-		-		-		-		(10)
Disposal of treasury stock		-		-		-		-		-		-		0
Net change during the year		70,340		(1,819)		(1,585)		118,202		185,138		45,000		230,138
Balance at March 31, 2013	$	193,191	$	4,457	$	(44,744)	$	(163,255)	$	(10,351)	$	607,489	$	2,370,681

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FURUKAWA ELECTRIC CO., LTD. AND ITS SUBSIDIARIES

(For the years ended March 31, 2012)

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Common treasury stock	Total Shareholders' equity
Balance at April 1, 2011	¥ 69,395	¥ 21,468	¥ 87,007	¥ (271)	¥ 177,599
Cash dividends paid	-	-	(3,884)	-	(3,884)
Net loss	-	-	(11,123)	-	(11,123)
Net effect of increase in consolidated subsidiaries	-	-	483	-	483
Net effect of increase in affiliates accounted for by the equity method			(1)	-	(1)
Acquisition of treasury stock	-	-	-	(3)	(3)
Net change during the year	-	-	-	-	-
Balance at March 31, 2012	¥ 69,395	¥ 21,468	¥ 72,482	¥ (274)	¥ 163,071

	Millions of yen						
	Accumulated other comprehensive income						
	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Adjustments for retirement benefits of an overseas subsidiary	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2011	¥ 14,222	¥ 638	¥ (3,617)	¥ (22,873)	¥ (11,630)	¥ 49,936	¥ 215,905
Cash dividends paid	-	-	-	-	-	-	(3,884)
Net loss	-	-	-	-	-	-	(11,123)
Net effect of increase in consolidated subsidiaries	-	-	-	-	-	-	483
Net effect of increase in affiliates accounted for by the equity method	-	-	-	-	-	-	(1)
Acquisition of treasury stock	-	-	-	-	-	-	(3)
Net change during the year	(2,674)	(48)	(440)	(3,584)	(6,746)	2,938	(3,808)
Balance at March 31, 2012	¥ 11,548	¥ 590	¥ (4,057)	¥ (26,457)	¥ (18,376)	¥ 52,874	¥ 197,569

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FURUKAWA ELECTRIC CO., LTD. AND
ITS SUBSIDIARIES

For the years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 12,831	¥ 1,935	$ 136,500
Adjustments for:			
Depreciation and amortization	35,347	39,216	376,032
Gain or loss on sales of marketable securities and investment securities	4	(4,973)	43
Equity in income of non-consolidated subsidiaries and affiliates	(112)	(126)	(1,191)
Gain or loss on disposal of property, plant and equipment, net	672	(6,952)	7,149
Loss on write-down of inventories	1,770	1,594	18,830
Loss on write-down of investment securities	170	575	1,809
Impairment loss	2,582	2,025	27,468
Interest and dividend income	(2,139)	(2,312)	(22,755)
Interest expense	5,067	5,240	53,904
Foreign exchange (income) loss, net	(432)	71	(4,596)
Decrease in trade receivable	9,023	4,728	95,989
(Increase) decrease in inventories	(6,284)	3,547	(66,851)
Increase (decrease) increase in trade payable	5,003	(833)	53,223
Decrease in accrued retirement benefits	(5,567)	(4,822)	(59,223)
Decrease in provision for environmental costs	(92)	(1,276)	(979)
Other, net	2,268	4,505	24,127
Subtotal	60,111	42,142	639,479
Interest and dividend income received	2,706	2,810	28,787
Interest expense paid	(2,657)	(5,357)	(28,266)
Income taxes paid	(5,212)	(8,821)	(55,447)
Net cash provided by operating activities	54,948	30,774	584,553
Cash flows from investing activities:			
Proceeds from sales of marketable securities	100	100	1,064
Purchase of property, plant and equipment	(45,754)	(30,641)	(486,745)
Purchase of intangible assets	(2,202)	(2,266)	(23,425)
Purchase of investment securities	(4,740)	(20,586)	(50,425)
Proceeds from sales of investment securities	306	8,595	3,255
Proceeds from sales of non-current assets	508	13,113	5,404
Decrease in short-term loan, net	4,685	11,280	49,840
Decrease in time deposit, net	2,504	698	26,638
Other	(347)	(545)	(3,691)
Net cash used in investing activities	(44,940)	(20,252)	(478,085)

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Cash flows from financing activities:			
Decrease in short-term debt, net	(12,145)	(1,234)	(129,202)
Proceeds from long-term debt	52,298	25,260	556,362
Repayment of long-term debt	(45,177)	(28,500)	(480,606)
Proceeds from issuance of bonds	10,070	10,270	107,127
Repayment of redemption of bonds	(16,562)	(24,227)	(176,191)
Proceeds from minority shareholders	517	1,133	5,500
Cash dividends paid	(22)	(3,887)	(234)
Cash dividends paid to minority shareholders	(1,257)	(1,175)	(13,372)
Payments for purchase of common treasury stock	(1)	(1)	(11)
Proceeds from sales and leaseback of property, and equipment	1,507	-	16,032
Other	(630)	(484)	(6,703)
Net cash used in financing activities	(11,402)	(22,845)	(121,298)
Effect of exchange rate changes on cash and cash equivalents	1,671	(790)	17,777
Net increase(decrease) in cash and cash equivalents	277	(13,113)	2,947
Cash and cash equivalents at beginning of year	30,084	37,647	320,042
Cash and cash equivalents of newly consolidated subsidiaries	110	5,550	1,170
Net increase in cash and cash equivalents from mergers	6	-	64
Cash and cash equivalents at end of year (Note 4)	¥ 30,477	¥ 30,084	$ 324,223

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FURUKAWA ELECTRIC CO., LTD. AND ITS SUBSIDIARIES

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Furukawa Electric Co., Ltd. (the "Company") and its subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (hereinafter "IFRSs"), and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

The accompanying consolidated financial statements include the accounts of the Company and significant companies controlled by directly or indirectly by the Company.
Companies over which the Company exercises significant influence in terms of their operating and financial policies have been accounted for by the equity method.

The company applies the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical issues task Force (PITF) No.18) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for using Equity Method (PITF No.24).

In accordance with these PITF, the accompanying consolidated financial statements have been prepared based on the financial statements of foreign consolidated subsidiaries and affiliates prepared in accordance with either IFRSs or accounting principles generally accepted in the United States of America as adjusted for certain items including goodwill, actuarial differences and capitalized development costs.

Certain reclassifications have been made to the prior year's consolidated financial statement to conform to the current year presentations.

2. Significant Accounting Policies

a) Basis of consolidation

1) The consolidated financial statements include the accounts of the Company and its 115 major subsidiaries in 2013. All significant intercompany accounts and transactions have been eliminated in consolidation.

Investments in its 18 major affiliates in 2013, are accounted for by the equity method.

The excess of purchase price over the value of net assets of businesses acquired, which is included in "Other assets", is in principle, amortized over a five-year period or the estimated useful lives, if the useful life, over which future economic benefits are expected, can reasonably be estimated, using the straight-line method.

2) Effective from the year ended March 31, 2013, FURUKAWA INDUSTRIAL S.A. PRODUTOS ELETRICOS and its three subsidiaries, OFS Fitel, LLC and its eight subsidiaries, and Furukawa Circuit Foil Taiwan Corporation have changed its fiscal year end from December 31 to March 31 to further enhance appropriate disclosure of consolidated financial information. The financial statements of Furukawa Electric (Shenzhen) Co., Ltd. and FURUKAWA METAL (THAILAND) PUBLIC CO., LTD whose statutory financial year end was December 31, have been consolidated by using their financial statements as of the parent fiscal year end which are prepared solely for consolidation purpose to further enhance appropriate disclosure of consolidated financial information.
Accordingly, consolidated financial statements have been prepared based on financial statements for the fifteen months fiscal period, from January 1, 2012 to March 31, 2013 of those sixteen consolidated subsidiaries.
As a result of this change, net sales, operating income, income before income taxes and minority interests and net income increased by ¥23,920 million ($254,468 thousand), ¥793 million ($8,436 thousand), ¥800 million ($8,511 thousand), ¥791 million ($8,415 thousand), respectively.

b) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits capable of being withdrawn on demand and short-term investments with an original maturity of three months or less and subject to a minor risk of fluctuation in value.

c) Financial instruments

1) Debt and equity securities

Debt securities for which the Company and its consolidated subsidiaries have both the positive intent and ability to hold to maturity are classified as “held-to-maturity debt securities” and carried at amortized cost. Securities other than held-to-maturity debt securities and investments in equity securities of non-consolidated subsidiaries and affiliates are classified as “available-for-sale securities” and carried at fair value with unrealized gain and loss, net of tax, reported as a separate component of net assets. For the purpose of computing gain and loss on securities sold, the cost of these securities is determined using the moving average method. Securities that do not have readily determinable fair values are recorded at cost. The Company and its consolidated subsidiaries do not hold any trading securities.

Debt securities due within one year are presented as “Marketable securities” under current assets, and all other securities are presented as “Investments and long-term loans” in the accompanying balance sheets.

Additional information with respect to marketable debt and equity securities is included in Note 5.

2) Derivatives

Derivative financial instruments are measured at fair value, if determinable, and resulting gain or loss is included in net income, with the exception that gain or loss on certain qualified hedging instruments may be deferred as an a part of "Net assets" until the gain and loss on the hedged items is recognized. The Company's hedging activities for interest rate risk on outstanding debt, foreign currency risk and fluctuation risk in market prices are considered qualified hedge transactions.

Additional information on derivatives is presented in Note 19.

d) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at the amount of estimated non-recoverable receivables on an individual account basis, plus the amount calculated by applying the historical bad debt loss ratios to the remaining receivables.

e) Inventories

Inventories are stated principally at cost determined using the average method, which requires the amount of the inventories on the balance sheets be written down when there is a decrease in profitability.

f) Property, plant and equipment, and depreciation

Property, plant and equipment, including significant capital expenditures and additions, are stated at cost. Repairs and maintenance expense are charged to income as incurred.

Buildings owned by the Company and its significant domestic consolidated subsidiaries are depreciated using the straight-line method and the remaining properties of these companies are depreciated using the declining-balance method. Foreign consolidated subsidiaries' properties are depreciated principally using the straight-line method.

g) Accrued retirement benefits

Employees who terminate their service with the Company or its domestic consolidated subsidiaries are entitled to lump-sum severance indemnities determined based on accumulated points allocated to employees each year according to their job classification and performance. The liability for these severance indemnities is not funded.

The retirement benefit plans of the Company and its domestic consolidated subsidiaries have features whereby employees who retire at age 55 or over with 20 or more years of service may elect to receive benefits in the form of pensions. These plans, which are non-contributory and funded, generally provide for an annuity payable over a ten-year period subsequent to retirement. The annual contributions for pension

benefits include current service costs, amortization of prior service costs and interest on the unfunded portion of past service costs.
The Company and its domestic consolidated subsidiaries accrue retirement benefits based on the estimated amounts of projected benefit obligation reduced by the fair value of the pension plan assets at each fiscal year-end. Certain assumptions used in accounting for the benefit plans are described in Note 10.

A minimum pension liability adjustment is required for the Company's consolidated subsidiaries in the U.S., generally when the accumulated benefit obligation exceeds plan assets under U.S. GAAP. The minimum liability adjustment, less allowable intangible assets, is directly charged to retained earnings, net of tax benefit, in the accompanying consolidated financial statements.

In addition, retirement benefits to directors and statutory auditors of the Company's consolidated subsidiaries are provided at the amount which would be required if all directors and statutory auditors were to retire at the balance sheet date according to internal regulations.

h) Provision for product defect compensation

Provision for product defect compensation is provided at an amount deemed necessary to cover possible compensation costs.

i) Provision for environmental costs

Provision for environmental costs, mainly to remove Poly Chlorinated Biphenyl ("PCB") and to improve soil conservation, is provided to cover estimated future costs.

j) Provision for loss on disaster

Provision for loss on disaster is provided to cover estimated future costs in order to undertake the restoration of damaged assets due to the Great East Japan Earthquake.

k) Leases

Depreciation of finance lease assets that transfer ownership of the assets, mainly office equipment in the copper foil business division, is calculated by the same method applied for property, plant and equipment.
Depreciation of finance lease assets, which do not transfer ownership of the assets at the end of the lease term, is calculated by the straight-line method over the lease periods, which are deemed as the useful lives, assuming no residual value.
However, finance lease transactions entered before March 31, 2008, which do not substantially transfer ownership of the assets, are continuously accounted for as operating leases.

l) Revenue recognition

Operating revenue is mainly recorded upon shipment of goods.

Revenue is recognized by the percentage-of-completion method for construction contracts of which the outcome of the progress performed by the end of the year is deemed to be certain. The construction progress is estimated based on the percentage of construction costs incurred for the work performed to date compared to the estimated total construction costs ("cost-comparison method"). For other construction contracts, such revenue is recognized by the completed-construction method.

m) Research and development costs, and computer software

Research and development expenditure is charged to income when incurred. Expenditure relating to computer software developed for internal use is charged to income when incurred, except when it contributes to the generation of income or to future cost savings. Such expenditure is capitalized as an asset and amortized using the straight-line method over its estimated useful life of 5 years.

n) Income taxes

Accrued income taxes are recorded based on the Company's income tax returns.

Deferred income taxes are recognized to reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and measured using the enacted tax rates and laws which will be in effect when differences are expected to reverse.

The Company has elected to file its tax return under the consolidated tax filing system.

o) Translation of foreign currency accounts

Current and non-current monetary items denominated in foreign currencies are translated into Japanese yen at exchange rates in effect at the respective balance sheet dates. Monetary items denominated in foreign currencies, for which foreign exchange forward contracts are used to hedge the foreign currency fluctuation, are translated into Japanese yen at the contracted rates. Exchange gain or loss is credited or charged to current operations.

The Company translates the revenue and expense accounts of the overseas consolidated subsidiaries and affiliates accounted for by the equity method at the average rates of exchange in effect during the year. The balance sheet accounts except for the components of net assets excluding minority interests in the overseas consolidated subsidiaries and affiliates accounted for by the equity method, are translated into Japanese yen at the rates of exchange in effect at the respective balance sheet date. The components of net assets excluding minority interests in the overseas consolidated subsidiaries and affiliates accounted for by the equity method are translated at their historical exchange rates. Differences arising from translation where two exchange rates have been used are presented under translation adjustments as a component of net assets.

p) Cash dividends

Dividends paid out of earnings are, in principle, approved by the shareholders' meeting. Interim dividends can be paid at any time during the fiscal year by resolution of the board of directors, if the Article of Incorporation set out for such dividends under the Corporate Law of Japan.

The Corporate Law of Japan provides certain limitations on the amount available for dividends.

q) Net income (loss) per common share

The consolidated statements of operations include "basic" and "diluted" per share information. Basic per share income (loss) is calculated by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the respective years. The weighted average number of shares used in the calculation of basic net income per common share was 706,075 thousand and 706,084 thousand for the years ended March 31, 2013 and 2012, respectively. Diluted net income per share has not been presented for the years ended March 31, 2013 and 2012, since the Company has issued no dilutive potential shares.

r) Impairment of property, plant and equipment

Property, plant and equipment are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the statements of income by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount, to be measured as the higher of net selling price or value in use.
Accumulated loss of impairment is deducted directly from the acquisition costs of the related assets in accordance with the revised disclosure requirements.

Additional information on impairment of property, plant and equipment, and depreciation is presented in Note 15.

s) Accounting Change

In accordance with an amendment to the Corporation Tax Law effective April 1, 2012, the Company and its domestic consolidated subsidiaries have changed their depreciation method for the property, plant and equipment acquired on or after April 1, 2012, other than certain buildings, to reflect the methods prescribed in the amended Corporation Tax Law. The effect of this change was immaterial to operating income and income before income taxes and minority interests.

t) Standards issued but not yet effective

・"Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 17, 2012)
・"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, May 17, 2012)

(1) Overview
The new accounting standard and related guidance have been developed in consideration to improvement of financial reporting and international trends. Those have also been revised, mainly based upon treatment of unrecognized actuarial gains and losses and unrecognized prior service costs, the calculation method of retirement benefit obligation and service costs, and enhancing disclosures.

(2) Scheduled date for adoption
The Company and its domestic consolidated subsidiaries expect to apply the accounting standard and related guidance effective the fiscal year ended March 31, 2014. However, the Company and its domestic consolidated subsidiaries expect to apply the revision for the calculation method of retirement benefit obligation and service costs effective the fiscal year beginning on or after April 1, 2014.

(3)Effects of adoption of this accounting standards and related guidance
The Company is currently evaluating the effect of these revisions in preparation of its consolidated financial statements.

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥94 =U.S. $ 1, the approximate rate of exchange for the year ended March 31, 2013, has been used for the purpose of the translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

4. Cash Flow Information

Cash and cash equivalents at March 31, 2013 and 2012 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Cash and bank deposits	¥31,293	¥33,246	$ 332,904
Less, time deposits with an original maturity of more than 3 months	(833)	(3,175)	(8,862)

Highly liquid securities	17	13	181
Cash and cash equivalents	¥30,477	¥30,084	$324,223

5. Debt and Equity Securities

Investments in debt and equity securities that have a readily determinable fair value at March 31, 2013 and 2012 included in "Marketable securities" (Current assets) and in "Investments and long-term loans" (Non-current assets) are summarized as follows:

	Millions of yen			
	2013			
	Cost	Fair value	Gross unrealized gain	Gross unrealized loss
Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	¥ —	¥ —	¥ —	¥ —
Other debt securities	115	120	5	—
Total held-to-maturity debt securities	¥ 115	¥ 120	¥ 5	¥ —
Available-for-sale securities:				
Marketable equity securities	¥ 21,540	¥ 49,939	¥ 30,103	¥ (1,704)
Other securities	7	5	—	(2)
Total available-for-sale securities	¥ 21,547	¥ 49,944	¥ 30,103	¥ (1,706)

	Thousands of U.S. dollars			
	2013			
	Cost	Fair value	Gross unrealized gain	Gross unrealized loss
Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	$ —	$ —	$ —	$ —
Other debt securities	1,223	1,276	53	—
Total held-to-maturity debt securities	$ 1,223	$ 1,276	$ 53	$ —
Available-for-sale securities:				
Marketable equity securities	$ 229,149	$ 531,266	$ 320,245	$ (18,128)
Other securities	74	53	—	(21)
Total available-for-sale securities	$ 229,223	$ 531,319	$ 320,245	$ (18,149)

	Millions of yen			
	2012			
	Cost	Fair value	Gross unrealized gain	Gross unrealized loss
Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	¥ 1	¥ 1	¥ −	¥ −
Other debt securities	211	213	2	−
Total held-to-maturity debt securities	¥ 212	¥ 214	¥ 2	¥ −
Available-for-sale securities:				
Marketable equity securities	¥ 21,803	¥ 39,827	¥ 20,076	¥ (2,052)
Other securities	7	5	−	(2)
Total available-for-sale securities	¥ 21,810	¥ 39,832	¥ 20,076	¥ (2,054)

Proceeds from sales of available-for-sale securities for the years ended March 31, 2013 and 2012 were ¥685 million ($7,287 thousand) and ¥ 6,957 million, respectively.
The gross realized gains on those sales for the years ended March 31, 2013 and 2012 were ¥3 million ($32 thousand) and ¥5,355 million, respectively, and gross realized losses were ¥8 million ($85 thousand) and ¥0 million, respectively.
Impairment loss on available-for-sale securities with fair value amounted to ¥570 million was recorded for the year ended March 31, 2012.

6. Inventories

Inventories at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Finished goods	¥ 30,715	¥ 28,072	$ 326,755
Work in process	31,593	28,609	336,096
Raw materials and supplies	41,941	38,208	446,181
	¥ 104,249	¥ 94,889	$ 1,109,032

7. Investments and Long-term Loans

Investments and long-term loans at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Non-consolidated subsidiaries and affiliates	¥ 63,908	¥ 59,412	$ 679,872
Other	53,801	43,956	572,351
	¥ 117,709	¥ 103,368	$ 1,252,223

8. Property, Plant and Equipment

Property, plant and equipment at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Land	¥86,154	¥ 84,938	$ 916,532
Buildings	261,521	252,843	2,782,138
Machinery and equipment	748,429	719,298	7,962,011
Leased assets	1,876	1,579	19,957
Construction in progress	20,264	10,932	215,575
	1,118,244	1,069,590	11,896,213
Accumulated depreciation	(838,157)	(807,464)	(8,916,564)
	¥ 280,087	¥ 262,126	$ 2,979,649

9. Short-term Debt, Long-term Debt and Bonds

Short-term debt represents notes payable to banks, most of which are unsecured, bank overdrafts commercial papers issued by the Company, and bearing interest at rates ranging from 0.020% to 13.750% and from 0.339% to 10.700% per annum at March 31, 2013 and 2012, respectively.

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

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
1.76% unsecured bonds due 2012	¥ —	¥ 10,000	$ —
1.28% unsecured bonds due 2012	—	5,000	—
1.56% unsecured bonds due 2014	2,000	2,000	21,277
0.69% unsecured bonds due 2015	10,000	10,000	106,383
0.77% unsecured bonds due 2016	10,000	10,000	106,383
0.74% unsecured bonds due 2017	10,000	—	106,383
Secured bonds issued by consolidated subsidiaries, due from 2013 to 2016 with interest rates ranging from 0.93% to 1.97%	617	2,109	6,564
Loans, principally from banks and insurance companies, due from 2013 to 2020 with interest rates ranging from 0.230% to 10.300% and predominantly collateralized	197,523	188,111	2,101,308
	230,140	227,220	2,448,298
Less: portion due within one year	37,025	60,419	393,883
	¥ 193,115	¥ 166,801	$ 2,054,415

At March 31, 2013, the following assets were pledged as collateral for short-term debt of ¥2,046 million ($21,766 thousand), long-term debt of ¥1,923 million ($20,457 thousand), bonds of ¥268 million ($2,851 thousand) and others of ¥438 million ($4,660 thousand) :

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Property, plant and equipment	¥ 13,424	$ 142,809
Investments in securities	986	10,489
	¥14,410	$ 153,298

At March 31, 2012, the following assets were pledged as collateral for short-term debt of ¥3,460 million, long-term debt of ¥2,455 million, bonds of ¥422 million and others of ¥409 million :

	Millions of yen
	2012
Property, plant and equipment	¥ 13,449
Investments in securities	703
Cash and bank deposits	154
	¥ 14,306

The aggregate annual maturities of the non-current portion of long-term debt and bonds at March 31, 2013 were as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2015	¥ 58,009	$ 617,117
2016	30,052	319,702
2017	44,715	475,692
2018	26,632	283,319
2019 and thereafter	33,707	358,585
	¥ 193,115	$ 2,054,415

10. Severance and Retirement Plans

The following table sets forth the retirement benefit obligation, plan assets and funded status of the Company and its domestic consolidated subsidiaries at March 31, 2013 and 2012:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Projected benefit obligation	¥ 118,306	¥114,105	$ 1,258,574
Fair value of plan assets	(57,722)	(42,909)	(614,064)
Benefit obligation in excess of plan assets	60,584	71,196	644,510
Unrecognized actuarial net loss	(7,752)	(12,614)	(82,468)
Unrecognized prior service costs	(859)	(1,016)	(9,138)
Net amount recognized	51,973	57,566	552,904
Prepaid pension costs	321	—	3,415
Accrued retirement benefits recognized in the consolidated balance sheets	¥ 52,294	¥ 57,566	$ 556,319

The severance and retirement benefit expenses of the Company and its consolidated subsidiaries included the following components for the years ended March 31, 2013 and 2012.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Service costs	¥ 6,420	¥ 6,577	$ 68,298
Interest costs	2,362	2,270	25,128
Expected return on plan assets	(1,541)	(1,243)	(16,394)
Amortization of actuarial differences	2,937	2,778	31,245
Amortization of prior service costs	157	155	1,670
Retirement benefit expense	¥ 10,335	¥ 10,537	$ 109,947

Assumptions used in accounting for the employees' retirement benefit plans for the years ended March 31, 2013 and 2012 were as follows:

Discount rate	1.2 - 6.0% for 2013 and 1.2 - 4.3% for 2012
Expected rate of return on plan assets	2.0 - 7.5% for 2013 and 2.0 - 8.6% for 2012
Method of attributing the projected benefits to periods of service	Straight-line basis
Amortization of unrecognized prior service costs	1 - 15 years for 2013 and for 2012
Amortization of unrecognized actuarial differences (amortization starts from the year following that year in which they arise)	1 - 15 years for 2013 and for 2012

11. Shareholders' Equity

Under the Corporate Law of Japan, cash dividends may be paid at any time during the fiscal year with certain conditions. An amount equal to 10% of dividends is required to be appropriated as additional paid-in capital (a component of "Capital surplus") or legal reserve (a component of "Retained earnings") until the amount of additional paid-in capital and legal reserve equals 25% of common stock. The cash dividends paid out of additional paid-in capital and/or legal reserve are recorded in the financial year in which the proposed appropriation of retained earnings is approved by the board of directors and/or the shareholders. The maximum amount that the Company can distribute as cash dividends is calculated based on the non-consolidated fiscal statements of the Company.

(Dividends)

Dividends whose record date is attributable to the year ended March 31, 2013 but to be effective in the following year.

Approvals by shareholders' meeting held on June 25, 2013 are as follows:

Type of shares	Common stock
Total amount of dividends	¥2,119 million ($22,543 thousand)
Funds for dividends	Retained earnings
Dividends per share	¥3.0 ($0.03)
Record date	March 31, 2013
Effective date	June 26, 2013

12. Contingent Liabilities

Contingent liabilities at March 31, 2013 and 2012 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Loans guaranteed (principally for non-consolidated subsidiaries and affiliates)	¥ 17,750	¥ 15,936	$ 188,830
Repurchase obligation of the securitization of receivables	5,046	4,469	53,681
Total	¥ 22,796	¥ 20,405	$ 242,511

13. Leases

1) Finance lease transactions entered before March 31, 2008, which do not transfer ownership of the assets

Lease rental expense for the years ended March 31, 2013 and 2012 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Lease rental expense	¥ 53	¥ 170	$ 564

The amounts of outstanding future lease payments at March 31, 2013 and 2012, which included the portion of interest thereon, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Future lease payments:			
Within one year	¥ 6	¥ 53	$ 64
Over one year	13	19	138
Total	¥ 19	¥ 72	$ 202

Acquisition cost, accumulated depreciation and net book value of the leased assets at March 31, 2013 and 2012, and depreciation expense for the years ended March 31, 2013 and 2012, assuming capitalization, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Acquisition cost	¥ 680	¥ 1,411	$ 7,234
Accumulated depreciation	(661)	(1,339)	(7,032)
Net book value	¥ 19	¥ 72	$ 202
Depreciation	¥ 53	¥ 170	$ 564

Depreciation is based on the straight-line method over the lease term of leased assets with zero residual value.

2) Operating lease transactions

(Lessees)
The amounts of outstanding future lease payments at March 31, 2013, under non-cancelable operating lease are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Future lease payments:			
Within one year	¥ 11	¥ 49	$ 117
Over one year	—	11	—
Total	¥ 11	¥ 60	$ 117

14. Research and Development Expenses

Research and development costs charged to income for the years ended March 31, 2013 and 2012 amounted to ¥ 20,211 million ($215,011 thousand) and ¥18,949 million, respectively.

15. Impairment Loss

For the purpose of determining whether impairment loss has occurred, the Company and its subsidiaries classify property, plant and equipment into groups by company, business or business unit, each of which is deemed to generate independent cash flows, and idle properties into individual independent groups.

(For the year ended March 31, 2013)

Impairment loss by type of assets for the year ended March 31, 2013 consisted of the following:

1) The Company

Usage and Location	Type of asset	Millions of yen	Thousands of U.S. dollars
Manufacturing equipment and building for Industrial equipment business located in Hiratsuka city, Kanagawa prefecture (Idle properties)	Building	¥ 268	$ 2,851
	Machinery and equipment	758	8,064
	Other	3	32
Manufacturing equipment for fiber cable business located in Ichihara-city, Chiba prefecture (Idle properties)	Building	120	1,277
	Machinery and equipment	89	946
	Other	24	255
Manufacturing equipment for copper foil business located in Nikko-city, Tochigi prefecture (Idle properties)	Building	39	415
	Machinery and equipment	11	117
	Other	4	43
Idle properties located in Hachinohe-city, Aomori prefecture	Land	447	4,755
	Total	¥ 1,763	$ 18,755

2) The consolidated subsidiaries

Usage and Location	Type of asset	Millions of yen	Thousands of U.S. dollars
Manufacturing equipment and building for fiber cable business located in Hachinohe-city, Aomori prefecture	Building	¥ 369	$ 3,926
	Machinery and equipment	46	489
	Other	13	138
Fixed assets for business use located in Iga-city, Mie prefecture	Land and building	198	2,107
Fixed assets for business use and other	Machinery, equipment and other	193	2,053
	Total	¥ 819	$ 8,713

It has been decided that recoverable amounts of fixed assets for business use were less than their carrying amounts due to continuing negative cash flow generated from operating activities and the likelihood of the carrying amount not being recoverable by future cash flows. Accordingly, the carrying amounts of such assets were reduced to the recoverable amounts. The recoverable amounts of the asset groups were mainly evaluated based on the value in use, which was calculated by discounting future cash flows at an interest rate.

The carrying amounts of certain assets forming parts of idle properties were written down to their recoverable amounts, due to the fact that the carrying amounts were less than their fair market value. Recoverable amount of each idle property was mainly evaluated based on the net selling value (fair value less costs to sell). Recoverable amount of such asset group was mainly determined based on either appraisal value prepared by real estate appraisers or assessed value used for property tax purpose. The recoverable amounts of these assets were reduced to ¥0 because such assets cannot be sold or diverted to other usage.

(For the year ended March 31, 2012)

1) The Company

Impairment loss by type of assets for the year ended March 31, 2012 consisted of the following:

Usage and Location	Type of asset	Millions of yen
Manufacturing equipment for grass substrates for hard disk drive business, located in Ichihara city, Chiba prefecture	Machinery	¥ 1,795
	Other	139
	Total	¥ 1,934

2) The consolidated subsidiaries

Impairment loss for land and other for ¥91 million charged to income for the year ended March 31, 2012.

It has been decided that recoverable amounts of fixed assets for business use were less than their carrying amounts due to continuing negative cash flow generated from operating activities and the likelihood of the carrying amount not being recoverable by future cash flows. Accordingly, the carrying amounts of such assets were reduced to the recoverable amounts. The recoverable amounts of the asset groups were mainly evaluated based on the value in use, which was calculated by discounting future cash flows at an interest rate.

16. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' tax and enterprise tax, which in the aggregate would result in a statutory income tax rate of approximately 38.0% and 40.6% for the years ended March 31, 2013 and 2012, respectively. Overseas consolidated subsidiaries are subject to income taxes in the countries in which they operate.

Summarized below is reconciliation at March 31, 2013 and 2012.

	2013	2012
Japanese statutory income tax rate	38.0%	40.6%
Tax benefits of net operating loss not recognized	2.6	29.4
Entertainment expense and other	5.9	18.7
Dividend income no- taxable	(4.5)	(35.5)
Equity in income of non-consolidated subsidiaries and affiliates	(0.3)	(2.6)
Valuation allowance	9.3	127.7
Difference of applicable tax rate of overseas consolidated subsidiaries	(7.8)	(75.9)
Utilization of loss carried forward	-	(64.1)
Charges for violating U.S. antitrust law	-	348.4
Amortization of goodwill	2.8	27.1
Undistributed earnings of overseas consolidated subsidiaries	3.8	3.8
Adjustment of deferred tax assets due to change in the effective statutory income tax rate	-	174.2
Other, net	4.9	2.3
Effective income tax rate	54.9%	594.1%

Deferred tax assets (liabilities) at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Accrued retirement benefits	¥ 16,258	¥ 18,383	$ 172,957
Loss carried forwards	101,449	89,891	1,079,245
Accrued bonus	3,951	3,998	42,032
Depreciation	4,954	4,178	52,702
Impairment loss	21,024	20,991	223,660
Other	15,748	17,798	167,532
Gross deferred tax assets	163,384	155,239	1,738,128
Valuation allowance	(134,583)	(124,769)	(1,431,734)
Total deferred tax assets	28,801	30,470	306,394
Unrealized gain on available-for-sale securities	(10,148)	(6,388)	(107,957)
Special reserve for deferred capital gain	(359)	(436)	(3,819)
Revaluation difference on land	(3,500)	(3,645)	(37,234)
Other	(3,936)	(3,365)	(41,873)
Total deferred tax liabilities	(17,943)	(13,834)	(190,883)
Net deferred tax assets	¥ 10,858	¥ 16,636	$115,511

17. Other Comprehensive Income

(For the year ended March 31, 2013)

1) The following table presents components of recycled amounts of other comprehensive income for the year ended March 31, 2013:

	Millions of yen	
Unrealized gain or loss on available-for-sale securities		
Amount arising during the year	¥ 10,417	
Reclassification adjustments for gains and losses included in net income	37	¥ 10,454
Deferred gain or loss on derivatives under hedge accounting		
Amount arising during the year	852	
Reclassification adjustments for gains and losses included in net income	(391)	
Adjustments for amounts transferred to assets' acquisition costs	(693)	(232)
Adjustments for retirement benefits of an overseas subsidiary		
Amount arising during the year	(725)	
Reclassification adjustments for gains and losses included in net income	584	(141)
Foreign currency translation adjustments		
Amount arising during the year	11,288	11,288
Share of other comprehensive income of affiliates accounted for by the equity method		
Amount arising during the year	2,121	
Reclassification adjustments for gains and losses included in net income	(21)	
Adjustments for amounts transferred to assets' acquisition costs	¥ 38	2,138
Subtotal before tax effects		23,507
Tax effects		(3,671)
Total other comprehensive income		¥ 19,836

	Thousands of U.S. dollars	
Unrealized gain or loss on available-for-sale securities		
Amount arising during the year	$ 110,819	
Reclassification adjustments for gains and losses included in net income	394	$ 111,213
Deferred gain or loss on derivatives under hedge accounting		
Amount arising during the year	9,064	
Reclassification adjustments for gains and losses included in net income	(4,160)	
Adjustments for amounts transferred to assets' acquisition costs	(7,372)	(2,468)
Adjustments for retirement benefits of an overseas subsidiary		
Amount arising during the year	(7,713)	
Reclassification adjustments for gains and losses included in net income	6,213	(1,500)
Foreign currency translation adjustments		
Amount arising during the year	120,085	120,085
Share of other comprehensive income of affiliates accounted for by the equity method		
Amount arising during the year	22,564	
Reclassification adjustments for gains and losses included in net income	(224)	
Adjustments for amounts transferred to assets' acquisition costs	404	22,744
Subtotal before tax effects		250,074
Tax effects		(39,053)
Total other comprehensive income		$ 211,021

2) Deferred tax of other comprehensive income for the year ended March 31, 2013:

	Millions of yen		
	Before-tax amounts	Tax (expense) benefits	Net-of-tax amounts
Unrealized gain or loss on available-for-sale securities	¥ 10,454	¥ (3,752)	¥ 6,702
Deferred gain or loss on derivatives under hedge accounting	(232)	81	(151)
Adjustments for retirement benefits of an overseas subsidiary	(141)	-	(141)
Foreign currency translation adjustments	11,288	-	11,288
Share of other comprehensive income of affiliates accounted for by the equity method	2,138	-	2,138
Total other comprehensive income	¥ 23,507	¥ (3,671)	¥ 19,836

	Thousands of U.S. dollars		
	Before-tax amounts	Tax (expense) benefits	Net-of-tax amounts
Unrealized gain or loss on available-for-sale securities	$ 111,213	$ (39,915)	$ 71,298
Deferred gain or loss on derivatives under hedge accounting	(2,468)	862	(1,606)
Adjustments for retirement benefits of an overseas subsidiary	(1,500)	―	(1,500)
Foreign currency translation adjustments	120,085	―	120,085
Share of other comprehensive income of affiliates accounted for by the equity method	22,744	―	22,744
Total other comprehensive income	$ 250,074	$ (39,053)	$ 211,021

(For the year ended March 31, 2012)

1) The following table presents components of recycled amounts of other comprehensive income for the year ended March 31, 2012:

	Millions of yen	
Unrealized gain on available-for-sale securities		
Amount arising during the year	¥ (1,378)	
Reclassification adjustments for gains and losses included in net income	(4,682)	¥ (6,060)
Deferred gain or loss on derivatives under hedge accounting		
Amount arising during the year	(2,529)	
Reclassification adjustments for gains and losses included in net income	316	
Adjustments for amounts transferred to assets' acquisition costs	2,232	19
Adjustments for retirement benefits of an overseas subsidiary		
Amount arising during the year	(705)	
Reclassification adjustments for gains and losses included in net income	261	(444)
Foreign currency translation adjustments		
Amount arising during the year	(3,906)	
Reclassification adjustments for gains and losses included in net income	466	(3,440)
Share of other comprehensive income of affiliates accounted for by the equity method		
Amount arising during the year	(891)	
Reclassification adjustments for gains and losses included in net income	6	
Adjustments for amounts transferred to assets' acquisition costs	¥ (27)	(912)
Subtotal before tax effects		(10,837)
Tax effects		3,420
Total other comprehensive income		¥ (7,417)

2) Deferred tax of other comprehensive income for the year ended March 31, 2012:

	Millions of yen		
	Before-tax amounts	Tax (expense) benefits	Net-of-tax amounts
Unrealized gain on available-for-sale securities	¥ (6,060)	¥ 3,405	¥ (2,655)
Deferred gain or loss on derivatives under hedge accounting	19	15	34
Adjustments for retirement benefits of an overseas subsidiary	(444)	-	(444)
Foreign currency translation adjustments	(3,440)	-	(3,440)
Share of other comprehensive income of affiliates accounted for by the equity method	(912)	-	(912)
Total other comprehensive income	¥ (10,837)	¥ 3,420	¥ (7,417)

18. Financial Instruments

1. Conditions of Financial instruments

1) Policy for financial instruments

The fund management policy of the Group (the Company and its consolidated subsidiaries) has been set up to put its operating funds in deposits or investments that are assured of no impairment in the principal and the necessary fund is obtained through borrowings from banks and other financial institutions and bond issuances.
Derivative transactions are not entered into for speculative purposes.

2) Details of financial instruments and associated risks and risk management system

Trade notes and accounts receivable arising from operation are exposed to credit risk of customers. The Group carries out the practice of keeping track of due dates and outstanding balances of each customer under the credit management rules, as well as monitoring major customers' credit status on a regular basis in order to minimize credit risk.
Marketable securities and investment securities are mainly equity securities and exposed to the risk of changes in market value. These securities are primarily the shares of companies with which the Group has business relationship, and the fair value of these securities are evaluated on a regular basis.
Trade notes and accounts payable arising from operations normally have payment terms of less than one year.
Short-term and long-term debt are mainly utilized for working capital and capital investments. The interest rate risk of a certain portion of those loans payable is hedged using interest rate swaps as hedging instruments.
On derivative transactions, foreign exchange forward contracts are used for hedge of foreign currency risk associated with receivables and payables arising from operations and denominated in foreign currency, interest rate swaps are used for hedge of interest rate risk associated with loans payable, metal forward contracts are used for hedge of price risk of raw materials and work in process. Execution and management of derivative transactions are subject to related internal rules.

In relation to accounting for hedge transactions, hedging instruments and hedged items, hedging policy, and effectiveness of hedge transactions are set out in its internal rules. Although trade payable and short-term and long-term debt are exposed to liquidity risk, these payables are managed by such means as cash flow projections prepared on a timely manner.

3) Supplementary information on the fair value of financial instruments

The fair value of financial instruments is based upon the market prices or reasonable estimates of fair value of these instruments if these fair values are not available. The estimated fair values would not be fixed due to variety of factors and assumptions. In addition, the contractual amounts of the derivative transactions set out in “2. Fair value of financial instruments” as below are not an indicator of the market risk associated with derivative transactions.

2. Fair value of financial instruments

The carrying amounts on the consolidated balance sheets, fair value, and differences as of March 31, 2013 and 2012 are as follows. In addition, financial instruments, of which it is extremely difficult to measure the fair value, are not included in the following table. (Please see “Financial instruments of which the fair value is extremely difficult to measure”)

(At March 31, 2013)

	Millions of yen		
	Carrying amount (*1)	Fair value (*1)	Difference
(1) Cash and bank deposits	¥ 31,293	¥ 31,293	¥ -
(2) Trade receivable	222,431	222,431	-
(3) Marketable securities and investments securities			
a. Held-to-maturity debt securities	115	120	5
b. Available-for-sale securities	49,944	49,944	-
c. Unconsolidated subsidiaries and affiliated companies	7,348	6,919	(429)
Total of assets	311,131	310,707	(424)
(1) Trade payable	(133,125)	(133,125)	-
(2) Short-term debt	(125,050)	(125,050)	-
(3) Bonds (including current portion)	(32,617)	(32,862)	(245)
(4) Long-term debt	(162,831)	(165,079)	(2,248)
Total of liabilities	(453,623)	(456,116)	(2,493)
Derivative transactions (*2)			
(1) Derivative transactions for which hedge accounting does not apply	51	51	-
(2) Derivative transactions for which hedge accounting apply	458	458	-
Total of derivative transactions	¥ 509	¥ 509	¥ -

(At March 31, 2013)

	Thousands of U.S. dollars		
	Carrying amount (*1)	Fair value (*1)	Difference
(1) Cash and bank deposits	$ 332,904	$ 332,904	$ -
(2) Trade receivable	2,366,287	2,366,287	-
(3) Marketable securities and investments securities			
a. Held-to-maturity debt securities	1,223	1,276	53
b. Available-for-sale securities	531,319	531,319	-
c. Unconsolidated subsidiaries and affiliated companies	78,171	73,607	(4,564)
Total of assets	3,309,904	3,305,393	(4,511)
(1) Trade payable	(1,416,223)	(1,416,223)	-
(2) Short-term debt	(1,330,319)	(1,330,319)	-
(3) Bonds (including current portion)	(346,989)	(349,595)	(2,606)
(4) Long-term debt	(1,732,245)	(1,756,160)	(23,915)
Total of liabilities	(4,825,776)	(4,852,297)	(26,521)
Derivative transactions (*2)			
(1) Derivative transactions for which hedge accounting does not apply	543	543	-
(2) Derivative transactions for which hedge accounting apply	4,872	4,872	-
Total of derivative transactions	$ 5,415	$ 5,415	$ -

(*1); Items recorded in liabilities are put in parentheses.
(*2); Assets and liabilities arising from derivative transactions are presented on a net basis and net liabilities' items are put in parentheses.

(At March 31, 2012)

	Millions of yen		
	Carrying amount (*1)	Fair value (*1)	Difference
(1) Cash and bank deposits	¥ 33,246	¥ 33,246	¥ -
(2) Trade receivable	221,998	221,998	-
(3) Marketable securities and investments securities			
a. Held-to-maturity debt securities	212	214	2
b. Available-for-sale securities	39,833	39,833	-
c. Unconsolidated subsidiaries and affiliated companies	6,627	6,526	(101)
Total of assets	301,916	301,817	(99)
(1) Trade payable	(122,000)	(122,000)	-
(2) Short-term debt	(141,857)	(141,857)	-
(3) Bonds (including current portion)	(39,109)	(39,173)	(64)
(4) Long-term debt	(144,254)	(146,636)	(2,382)
Total of liabilities	(447,220)	(449,666)	(2,446)
Derivative transactions (*2)			
(1) Derivative transactions for which hedge accounting does not apply	(6)	(6)	-
(2) Derivative transactions for which hedge accounting apply	618	618	-
Total of derivative transactions	¥ 612	¥ 612	¥ -

(*1); Items recorded in liabilities are put in parentheses.
(*2); Assets and liabilities arising from derivative transactions are presented on a net basis and net liabilities' items are put in parentheses.

I. Fair value of financial instruments

Assets

(1) Cash and deposits

The carrying amount approximates fair value due to the short maturity of these instruments.

(2) Trade receivable

The carrying amount approximates fair value due to the short maturity of these instruments.
A part of trade receivable is treated as receivable denominated in Japanese yen due to applying the special treatment of foreign currency exchange contracts and the carrying amount approximates fair value.

(3) Marketable securities and investment securities

The fair value of equity securities is based on quoted market price, if available. The fair value of debt securities is based on quoted market price or provided price by financial institutions. Marketable securities and investment securities by holding purpose are set out in “Note 5. Debt and Equity Securities”.

Liabilities

(1) Trade payable

The carrying amount approximates fair value because of the short maturity of these instruments.

A part of trade payable is treated as payable denominated in Japanese yen due to applying the special treatment of foreign currency exchange contracts and the carrying amount approximates fair value.

(2) Short-term debt

The carrying amount approximates fair value because of the short maturity of these instruments.

(3) Bonds

Fair value of bonds is based on quoted market price, if available. If not, the fair value is based on present value by discounting total cash flows of principles and interest to be paid at the rate considering remaining periods of those bonds and the related credit risk.

(4) Long-term debt

Fair value of long-term debts is based on the price provided by a financial institution or the present value of future cash flows discounted using the current debt rate for similar debt of a comparable maturity. Interest rate swaps subject to special treatment are used for long-term floating rate debt. Principle and interest of the debt in which these interest rate swaps are embedded, are discounted using the current debt rate, which is estimated reasonably for similar debt of a comparable maturity.

Derivative Transactions

Notional amount, fair value, unrealized gain or loss, and others are described in “Note 19. Additional Information on Derivatives”

II. Financial instruments of which the fair value is extremely difficult to measure

Unlisted investment securities of unconsolidated subsidiaries and affiliated companies amounted to ¥49,617 million ($527,840 thousand) and ¥46,010 million as of March 31, 2013 and 2012 are not included in (3) Marketable securities and investments securities above, because market value are not available and their future cash flow are not estimated, accordingly it is not practicable to estimate the fair value.

III. The redemption schedule for money claim and held-to-maturity debt securities with maturity date subsequent to the consolidated balance sheets date:

(At March 31, 2013)

	Millions of yen		Thousands of U.S. dollars	
	Within 1 year	From 1 year to 5 years	Within 1 year	From 1 year to 5 years
Bank deposits	¥ 30,449	¥ -	$ 323,926	$ -
Trade receivable	222,431	-	2,366,287	-
Marketable securities and investments securities Held-to-maturity debt securities:				
a) National bonds, local bonds and other	-	-	-	-
b) Other debt securities	16	-	170	-
Total	¥ 252,896	¥ -	$ 2,690,383	$ -

(At March 31, 2012)

	Millions of yen	
	Within 1 year	From 1 year to 5 years
Bank deposits	¥ 32,921	¥ -
Trade receivable	221,998	-
Marketable securities and investments securities Held-to-maturity debt securities:		
a) National bonds, local bonds and other	1	-
b) Other debt securities	113	-
Total	¥ 255,033	¥ -

IV. The redemption schedule for long-term debt and other interest bearing debt with maturity date subsequent to the consolidated balance sheets date

The redemption schedule for long-term debt and other interest bearing debt with maturity date subsequent to the consolidated balance sheets date are described in "Note 9. Short-term Debt, Long-term Debt and Bonds"

19. Additional Information on Derivatives

1. At March 31, 2013

1) Derivative transactions for which hedge accounting does not apply
   a) Foreign currency related transactions

	Millions of yen				Thousands of U.S. dollars			
	2013				2013			
	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)
Foreign currency:								
Sell	¥ 4,760	¥ -	¥ (81)	¥ (81)	$ 50,638	$ -	$ (862)	$ (862)
Buy	2,260	-	41	41	24,043	-	436	436
Total	¥ 7,020	¥ -	¥ (40)	¥ (40)	$74,681	$ -	$(426)	$(426)

b) Commodity related transactions

	Millions of yen				Thousands of U.S. dollars			
	2013				2013			
	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)
Forward contracts:								
Sell	¥5,926	¥ -	¥ 85	¥ 85	$ 63,043	$ -	$ 904	$ 904
Buy	2,668	-	6	6	28,383	-	64	64
Total	¥ 8,594	¥ -	¥ 91	¥ 91	$ 91,426	$ -	$ 968	$ 968

2) Derivative transactions for which hedge accounting apply

a) Foreign currency related transactions

	Millions of yen					Thousands of U.S. dollars		
	2013					2013		
	Hedged item	Notional Amount	Portion over 1 year	Fair value *	Calculation method of fair value	Notional Amount	Portion over 1 year	Fair value *
Normal accounting method								
Foreign currency:								
Sell	Trade receivable	¥4,960	¥ -	¥ (258)	Forward rate of Foreign currency	$ 52,766	$ -	$ (2,745)
Buy	Trade payable	7,021	-	426	Forward rate of Foreign currency	74,691	-	4,532
Assignment Accounting (special treatment for foreign exchange forward contract)								
Foreign currency:								
Sell	Trade receivable	4,564	-		-	48,553	-	
Buy	Trade payable	581	-		-	6,181	-	
Total		¥ 17,126	¥ -	¥ 168		$ 182,191	$ -	$ 1,787

＊The fair value of foreign currency related transactions subject to assignment accounting (special treatment for foreign exchange forward contract) embeds in accounting subject to hedging included in the fair value of the corresponding trade receivable and trade payable.

b) Interest-rate related transactions

	Millions of yen				Thousands of U.S. dollars		
	2013				2013		
	Hedged item	Notional Amount	Portion over 1 year	Fair value	Notional Amount	Portion over 1 year	Fair value
Normal accounting method (*1):							
Receiving floating rates and paying fixed rates	Long-term debt	¥3,000	¥3,000	¥(31)	$ 31,915	$ 31,915	$(330)
Special treatment interest rate swap (*2):							
Receiving fixed rates and paying floating rates	Long-term debt	6,142	4,704		65,340	50,042	
Receiving floating rates and paying fixed rates	Long-term debt	86,869	74,548		924,128	793,064	
Receiving floating rates and paying floating rates	Long-term debt	1,000	-		10,638	-	
Total		¥97,011	¥82,252	¥(31)	$ 1,032,021	$875,021	$(330)

(Calculation method of fair value)

(*1) The fair value was prices which were provided by financial institutions .

(*2) The fair value of interest rate swaps subject to special treatment embeds in long-term debt subject to hedging included in the fair value of the corresponding long-term debt.

c) Commodity related transactions

		Millions of yen				Thousands of U.S. dollars		
		2013				2013		
	Hedged item	Notional Amount	Portion over 1 year	Fair value	Calculation method of fair value	Notional Amount	Portion over 1 year	Fair value
Normal accounting method:								
Forward contracts for metal materials:								
Sell	Raw materials and work in process	¥1,102	¥ -	¥ 156	Forward rate of metal material	$ 11,723	$ -	$ 1,659
Buy		9,597	2	164		102,096	21	1,745
Total		¥ 10,699	¥ 2	¥ 320		$ 113,819	$ 21	$ 3,404

2. At March 31, 2012

1) Derivative transactions for which hedge accounting does not apply

a) Foreign currency related transactions

	Millions of yen			
	2012			
	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)
Foreign currency:				
Sell	¥ 1,138	¥ -	¥ (4)	¥ (4)
Buy	654	-	(4)	(4)
Total	¥ 1,792	¥ -	¥ (8)	¥ (8)

b) Commodity related transactions

	Millions of yen			
	2012			
	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)
Forward contracts:				
Sell	¥ 5,479	¥ -	¥ (5)	¥ (5)
Buy	1,539	-	6	6
Total	¥ 7,018	¥ -	¥ 1	¥ 1

2) Derivative transactions for which hedge accounting apply

a) Foreign currency related transactions

		Millions of yen				
		2012				
	Hedged item	Notional Amount	Portion over 1 year	Fair value *	Calculation method of fair value
Normal accounting method:					
Foreign currency:					
Sell	Trade receivable	¥ 1,469	¥ -	¥ (27)	Forward rate of foreign currency
Buy	Trade payable	6,220	-	391	Forward rate of foreign currency
Assignment Accounting (special treatment for foreign exchange forward contract)					
Foreign currency:					
Sell	Trade receivable	3,929	-		
Buy	Trade payable	591	-		
Total		¥ 12,209	¥ -	¥ 364	

* The fair value of foreign currency related transactions subject to assignment accounting (special treatment for foreign exchange forward contract) embeds in accounting subject to hedging included in the fair value of the corresponding trade receivable and trade payable.

b) Interest-rate related transactions

	Millions of yen				
	2012				
	Hedged item	Notional Amount	Portion over 1 year	Fair value *	Calculation method of fair value
Special treatment interest rate swap:					
Receiving fixed rates and paying floating rates	Long-term debt	¥ 3,064	¥ -		-
Receiving floating rates and paying fixed rates	Long-term debt	77,703	47,915		-
Receiving floating rates and paying floating rates	Long-term debt	1,000	-		
Total		¥ 81,767	¥47,915		

＊The fair value of interest rate swaps subject to special treatment embeds in long-term debt subject to hedging included in the fair value of the corresponding long-term debt.

c) Commodity related transactions

	Millions of yen				
	2012				
	Hedged item	Notional Amount	Portion over 1 year	Fair value	Calculation method of fair value
Normal accounting method:					
Forward contracts for metal materials:					
Sell	Raw materials and work in process	¥ 967	¥ -	¥ 94	Forward rate of metal material
Buy		11,459	1,072	160	
Total		¥ 12,426	¥ 1,072	¥ 254	

20. Real estate for rental and others

The Company and certain consolidated subsidiaries have rentable land and rental office building located in Tokyo and other prefecture. Net revenue of such real estate (main revenue of such real estate is included in operating revenue and main costs for such real estate are included in operating expenses) amounted to ¥1,542 million ($16,404 thousand) and ¥1,859 million for the year ended March 31, 2013 and 2012,respectively.

The carrying amount, fair value and changes in the value of real estate related to real estate for rental and others are as follows:

(For the year ended March 31, 2013)

Millions of yen			
Carrying amount in the consolidated balance sheets			Fair value
Opening balance	Net changes	Closing balance	
¥ 20,001	¥(220)	¥19,781	¥ 38,677

Thousands of U.S. dollars			
Carrying amount in the consolidated balance sheets			Fair value
Opening balance	Net changes	Closing balance	
$ 212,776	$ (2,340)	$ 210,436	$411,457

(For the year ended March 31, 2012)

Millions of yen			
Carrying amount in the consolidated balance sheets			Fair value
Opening balance	Fair value	Opening balance	
¥24,048	¥(4,047)	¥20,001	¥38,952

1) The carrying amount is the amount of its acquisition costs less accumulated depreciation and accumulated impairment losses.
2) The changes in the carrying amount are mainly an increase due to capital expenditures and a decrease due to sales of real estate amounted to ¥287 million ($3,053 thousand) and ¥3,579 million for the year ended March 31, 2013 and 2012, respectively.
3) Fair value of March 31, 2013 and 2012 is primarily determined based on internal assessed value according to the Real Estate Appraisal Standards, or amount based on certain evaluated value and value based on the index appropriately affecting real estate market.

21. Segment Information

1. Outline of reportable segments

The reportable segment of the Company is a company's component for which the financial information can be obtained separately from its other components, and the Board of Directors reviews such reportable segments on a regular basis in order to decide allocations of managerial resources and evaluate business performance.

After identifying the Company's business by industry (hereinafter "unit"), the Company has applied the company system covering both production and sales department, and that its strategy of the whole group is worked out and performed, and the business operations of each unit are monitored and supported by the Chief Officer system.

The Company decided six reportable segments based on the unit, Furukawa-Sky and the Chief Officer system, such as Telecommunications, Energy and industrial products, Electronics and automotive systems, Metals, Light metals and Services and other.

(1) Telecommunications:

Manufacture and sale of optical fiber cable, optical related parts, optical fiber cable-attached parts and construction, network equipment, etc.

(2) Energy and industrial products:

Manufacture and sale of bare wire, aluminum wire, insulated wire, power cables, power cable-attached parts and construction, electric wire tubing, plastic products, thermal engineering electric feeders, etc.

(3) Electronics and automotive systems:

Manufacture and sale of batteries, automobile parts and electric wire, magnet wire, heat pipes, aluminum plates for memory disks, electronic components and parts, etc.

(4) Metals:

Manufacture and sale of copper products such as copper tubes, rolled copper products, electrolytic copper foils, shape memory alloys, etc.

(5) Light metals:

Manufacture and sale of light metal products such as aluminum sheets, aluminum plates, extruded products, etc.

(6) Services and other:

Service businesses such as real estate, distribution, information, etc.

2. Segment information on sales and income (loss), identifiable assets and other items by business for the years ended March 31, 2013 and 2012 is summarized as follows:

(For the year ended March 31, 2013)

	Millions of yen								
	Telecommuni-cations	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments*	Total
Net sales									
Outside customers	¥ 140,966	¥ 227,872	¥ 236,759	¥ 124,936	¥ 180,700	¥ 13,484	¥ 924,717	¥ −	¥ 924,717
Inter-segment sales	5,179	37,853	6,948	4,510	4,292	23,492	82,274	(82,274)	—
Total	146,145	265,725	243,707	129,446	184,992	36,976	1,006,991	(82,274)	924,717
Segment income(loss)	¥ 1,902	¥ 1,957	¥ 9,308	¥ (1,267)	¥ 4,362	¥ 1,508	¥ 17,770	¥ (7)	¥ 17,763
Assets	¥ 120,696	¥ 163,647	¥ 175,874	¥ 101,511	¥ 221,221	¥ 69,880	¥ 852,829	¥ (33,127)	¥ 819,702
Others									
Depreciation	¥ 5,199	¥ 4,602	¥ 6,354	¥ 5,385	¥ 10,732	¥ 1,733	¥ 34,005	¥ 1,342	¥ 35,347
Amortization of goodwill	¥ 172	¥ 559	¥ 111	¥ -	¥ 203	¥ 346	¥ 1,391	¥ -	¥ 1,391
Investments in affiliates accounted for by the equity method	¥ 783	¥ 18,704	¥ 6,032	¥ 4,525	¥ 17,691	¥ -	¥ 47,735	¥ -	¥ 47,735
Tangible/intangible fixed assets increased	¥ 7,396	¥ 3,167	¥ 9,457	¥ 6,706	¥ 18,690	¥ 1,478	¥ 46,894	¥ 878	¥ 47,772

(For the year ended March 31, 2012)

	Millions of yen								
	Telecommuni-cations	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments*	Total
Net sales									
Outside customers	¥ 138,794	¥ 235,927	¥ 204,461	¥ 137,076	¥ 190,095	¥ 12,455	¥ 918,808	¥ −	¥ 918,808
Inter-segment sales	5,723	36,315	7,541	4,547	5,472	24,008	83,606	(83,606)	—
Total	144,517	272,242	212,002	141,623	195,567	36,463	1,002,414	(83,606)	918,808
Segment income(loss)	¥ 4,058	¥ (781)	¥ 5,107	¥ (43)	¥ 5,710	¥ 1,696	¥ 15,747	¥ 200	¥ 15,947
Assets	¥ 108,887	¥ 156,467	¥ 161,078	¥ 93,443	¥ 217,683	¥ 74,566	¥ 812,124	¥ (22,009)	¥ 790,115
Others									
Depreciation	¥ 5,071	¥ 6,538	¥ 5,747	¥ 6,178	¥ 12,219	¥ 1,930	¥ 37,683	¥ 1,533	¥ 39,216
Amortization of goodwill	¥ 235	¥ 609	¥ 326	¥ -	¥ 203	¥ 346	¥ 1,719	¥ -	¥ 1,719
Investments in affiliates accounted for by the equity method	¥ 1,102	¥ 19,603	¥ 5,483	¥ 4,124	¥ 15,810	¥ -	¥ 46,122	¥ -	¥ 46,122
Tangible/intangible fixed assets increased	¥ 6,612	¥ 2,928	¥ 8,989	¥ 2,459	¥ 8,262	¥ 2,673	¥ 31,923	¥ 1,658	¥ 33,581

(For the year ended March 31, 2013)

	Thousands of U.S. dollars (Note 3)								
	Telecommuni-cations	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments*	Total
Net sales									
Outside customers	$ 1,499,638	$ 2,424,170	$ 2,518,713	$ 1,329,106	$ 1,922,341	$ 143,447	$ 9,837,415	$ −	$ 9,837,415
Inter-segment sales	55,096	402,692	73,915	47,979	45,659	249,915	875,256	(875,256)	—
Total	1,554,734	2,826,862	2,592,628	1,377,085	1,968,000	393,362	10,712,671	(875,256)	9,837,415
Segment income(loss)	$ 20,234	$ 20,819	$ 99,021	$ (13,479)	$ 46,404	$ 16,043	$ 189,042	$ (74)	$ 188,968
Assets	$ 1,284,000	$ 1,740,926	$ 1,871,000	$ 1,079,904	$ 2,353,415	$ 743,404	$ 9,072,649	$ (352,415)	$ 8,720,234
Others									
Depreciation	$ 55,309	$ 48,957	$ 67,596	$ 57,287	$ 114,170	$ 18,436	$ 361,755	$ 14,277	$ 376,032
Amortization of goodwill	$ 1,830	$ 5,947	$ 1,181	$ -	$ 2,160	$ 3,681	$ 14,799	$ -	$ 14,799
Investments in affiliates accounted for by the equity method	$ 8,330	$ 198,979	$ 64,170	$ 48,138	$ 188,202	$ -	$ 507,819	$ -	$ 507,819
Tangible/intangible fixed assets increased	$ 78,681	$ 33,692	$ 100,606	$ 71,340	$ 198,830	$ 15,723	$ 498,872	$ 9,340	$ 508,212

* Inter-segment transactions are eliminated from the consolidated financial statements. Corporate assets are included in the consolidated financial statements. Adjustments include increase of tangible/intangible fixed assets and depreciation related to the corporate assets.

(Change of fiscal year)

Effective from the year ended March 31, 2013, FURUKAWA INDUSTRIAL S.A. PRODUTOS ELETRICOS and its three subsidiaries, OFS Fitel, LLC and its eight subsidiaries, and Furukawa Circuit Foil Taiwan Corporation have changed its fiscal year end from December 31 to March 31 to further enhance appropriate disclosure of consolidated financial information. The financial statements of Furukawa Electric (Shenzhen) Co., Ltd. and FURUKAWA METAL (THAILAND) PUBLIC CO., LTD whose statutory financial year end was December 31, have been consolidated by using their financial statements as of the parent fiscal year end which are prepared solely for consolidation purpose to further enhance appropriate disclosure of consolidated financial information.

Accordingly, consolidated financial statements have been prepared based on financial statements for the fifteen months fiscal period, from January 1, 2012 to March 31, 2013 of those sixteen consolidated subsidiaries.

As a result of this change, net sales of Telecommunications, Electronics and automotive systems and Metals increased by ¥14,573 million ($155,032 thousand), ¥1,271 million ($13,521 thousand) and ¥8,075 million ($85,904 thousand), respectively and segment income of Telecommunications, Electronics and automotive systems and Metals increased by ¥712 million ($7,574 thousand), ¥35 million ($372 thousand) and ¥46 million ($489 thousand), respectively, compared with previous method had been applied.

<Relative information>

Information by regions

(For the year ended March 31, 2013)

	Millions of yen			
	Japan	Asia	Other areas	Total
Net sales	¥ 579,004	¥ 237,742	¥ 107,971	¥ 924,717
Property, plant and equipment, net of accumulated depreciation	¥ 214,390	¥ 46,145	¥ 19,552	¥ 280,087

	Thousands of U.S. dollars (Note 3)			
	Japan	Asia	Other areas	Total
Net sales	$ 6,159,617	$ 2,529,170	$ 1,148,628	$ 9,837,415
Property, plant and equipment, net of accumulated depreciation	$ 2,280,745	$ 490,904	$ 208,000	$ 2,979,649

(For the year ended March 31, 2012)

	Millions of yen			
	Japan	Asia	Other areas	Total
Net sales	¥ 591,057	¥ 230,314	¥ 97,437	¥ 918,808
Property, plant and equipment, net of accumulated depreciation	¥ 220,469	¥ 28,200	¥ 13,457	¥ 262,126

<Information of impairment loss by reportable segments>

(For the year ended March 31, 2013)

	Millions of yen								
	Telecommuni-cations	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments	Total
Impairment loss	¥ 701	¥ 1,072	¥ 248	¥ 54	¥ 59	¥ 448	¥ 2,582	¥ -	¥ 2,582
	Thousands of U.S. dollars (Note 3)								
Impairment loss	$ 7,455	$ 11,405	$ 2,638	$ 575	$ 628	$ 4,767	$ 27,468	$ -	$ 27,468

(For the year ended March 31, 2012)

	Millions of yen								
	Telecommuni-cations	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments	Total
Impairment loss	¥ -	¥ -	¥ 1,938	¥ 10	¥ 77	¥ -	¥ 2,025	¥ -	¥ 2,025

<Information of goodwill by reportable segments>

(For the year ended March 31, 2013)

	Millions of yen								
	Telecommuni-cations	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments	Total
Amortization of goodwill	¥ 172	¥ 559	¥ 111	¥ -	¥ 203	¥ 346	¥ 1,391	¥ -	¥ 1,391
Goodwill as of March 31	¥ 272	¥ 560	¥ 214	¥ -	¥ 264	¥ 3,600	¥ 4,910	¥ -	¥ 4,910
	Thousands of U.S. dollars (Note 3)								
Amortization of goodwill	$ 1,830	$ 5,947	$ 1,181	$ -	$ 2,159	$ 3,681	$ 14,798	$ -	$ 14,798
Goodwill as of March 31	$ 2,894	$ 5,957	$ 2,277	$ -	$ 2,808	$ 38,298	$ 52,234	$ -	$ 52,234

(For the year ended March 31, 2012)

	Millions of yen								
	Telecommuni-cations	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments	Total
Amortization of goodwill	¥ 235	¥ 609	¥ 326	¥ -	¥ 204	¥ 345	¥ 1,719	¥ -	¥ 1,719
Goodwill as of March 31	¥ 410	¥ 1,059	¥ 296	¥ -	¥ 468	¥ 3,945	¥ 6,178	¥ -	¥ 6,178

23. Related Party Transactions

(For the year ended March 31, 2013)

Transactions for the year ended March 31, 2013 and the respective balance as of March 31, 2013 of the non-consolidated subsidiaries and affiliates of the Company were as follows:

Type of Related Party	Affiliate
Name	VISCAS Corporation.
Address	Shinagawa-ku Tokyo
Capital	¥12,100 million
Type of business	Energy and industrial products
Voting right share owing (share owed)	Direct 50.0%
Business relationship	Sale of material, purchase of finished goods, lease contracts of real estate, appointment of directors to other companies and providing financial support.
Description of transactions	Loans guaranteed
Amounts of transactions	¥5,771 million ($61,394 thousand)
Accounts	—
Closing balances	—

(For the year ended March 31, 2012)

Transactions for the year ended March 31, 2012 and the respective balance as of March 31, 2012 of the non-consolidated subsidiaries and affiliates of the Company were as follows:

Type of Related Party	Affiliate
Name	VISCAS Corporation.
Address	Shinagawa-ku Tokyo
Capital	¥12,100 million
Type of business	Energy and industrial products
Voting right share owing (share owed)	Direct 50.0%
Business relationship	Sale of material, purchase of finished goods, lease contracts of real estate, appointment of directors to other companies and providing financial support.
Description of transactions	Loans guaranteed
Amounts of transactions	¥6,254 million
Accounts	—
Closing balances	—

Type of Related Party	Affiliate
Name	Tri-Arrows Aluminum Holding Inc.
Address	U.S.A
Capital	$357 million
Type of business	Light metals
Voting right share owing (share owed)	Indirect 35.0%
Business relationship	Appointing directors of Furukawa-Sky Aluminum Corp.,which is the consolidated subsidiary of the Company, and Tri-Arrows Aluminum Holding Inc.
Description of transactions	Capital increase
Amounts of transactions	¥10,192 million
Accounts	—
Closing balances	—

24. Subsequent events

1. Final agreement regarding Business Integration between Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries, Ltd.

   Furukawa-Sky Aluminum Corp. (“FSA”), as a consolidated subsidiary of the Company and Sumitomo Light Metal Industries, Ltd. (“SLM”) jointly announced that, they have agreed to integrate their business on October 1, 2013 as the effective date (scheduled) (the “Business Integration”) and have entered into a Basic Integration Agreement, with the spirit of their relationship being based on equality, as announced in “Execution of Basic Integration Agreement between FSA and SLM” dated August 29, 2012, FSA and SLM reached final agreement on the Business Integration and executed the Merger Agreement on April 26, 2013.

2. Issuance of bonds made by the Company

   The Company made a comprehensive resolution in the board of directors meeting on May 9, 2013 to issue domestic unsecured bonds. As a result of this resolution, unsecured bonds were issued on May 28, 2013.

<Outline of this issuance>

(1) Total amount of issue: ¥10 billion ($ 106 billion)
(2) Issue price: ¥100 per share ($1.06)
(3) Amount of redemption: ¥100 per share ($1.06)
(4) Coupon rate: 0.79% per annum
(5) Closing date: May 28, 2013
(6) Redemption at maturity: May 28, 2018
(7) Use of proceeds: Repayment of debt

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Independent Auditor's Report

The Board of Directors
Furukawa Electric Co., Ltd.

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Furukawa Electric Co., Ltd. and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

1. As described in Note 24, 1, Furukawa-Sky Aluminum Corporation, a consolidated subsidiary of the Furukawa Electric Co., Ltd., concluded a merger agreement with Sumitomo Light Metal Industries, Ltd. on April 26, 2013. This agreement was approved by the Ordinary Shareholders' Meeting of Furukawa-Sky Aluminum Corporation held on June 20, 2013.
2. As described in Note 24, 2, the Board of Directors made a comprehensive resolution on May 9, 2013 to issue domestic unsecured bonds. As a result of this resolution, unsecured bonds were issued on May 28, 2013.

Our opinion is not qualified in respect of this matter.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 25, 2013