

**CONSOLIDATED FINANCIAL STATEMENTS  
TAMURA CORPORATION  
AS OF MARCH 31, 2007 AND 2006**

## **Report of Independent Auditors**

To the Board of Directors and Shareholders of TAMURA Corporation

We have audited the accompanying consolidated balance sheet of TAMURA Corporation and its subsidiaries as of March 31, 2007, and the related consolidated statements of income, changes in net assets, and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TAMURA Corporation and its subsidiaries as of March 31, 2007, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 1(h), effective for the year ended March 31, 2007, Tamura Corporation and its consolidated subsidiaries have adopted "Accounting standard for directors' bonus".

As described in Note 1(p), effective for the year ended March 31, 2007, Tamura Corporation and its consolidated subsidiaries have adopted "Accounting standards for presentation of net assets in the balance sheet".

As described in Note 1(q), effective for the year ended March 31, 2007, Tamura Corporation and its consolidated subsidiaries have adopted "Accounting for subscription rights to shares and for bonds with subscription rights to shares".

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1(a) to the accompanying consolidated financial statements.

**Misuzu Audit Corporation**

Misuzu Audit Corporation  
Tokyo, Japan  
June 28, 2007

## **Report of Independent Auditors**

To the Board of Directors of Tamura Corporation

We have audited the accompanying consolidated balance sheets of Tamura Corporation and its consolidated subsidiaries as of March 31, 2005 and 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tamura Corporation and its consolidated subsidiaries as of March 31, 2005 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 1(g), effective for the year ended March 31, 2006, Tamura Corporation and its consolidated subsidiaries have adopted the accounting standard for impairment of fixed assets.

As described in Note 1(e), effective for the year ended March 31, 2005, Tamura Corporation and certain domestic consolidated subsidiaries have changed the method of valuing inventories.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1(a) to the accompanying consolidated financial statements.

**ChuoAoyama PricewaterhouseCoopers**

ChuoAoyama PricewaterhouseCoopers  
Tokyo, Japan  
June 29, 2006

**TAMURA CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	March 31,		March 31,
	2007	2006	2007
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and bank deposits (Note 2)	¥ 13,474	¥ 12,233	\$ 114,186
Notes and accounts receivable-trade: (Note 3)			
Non-consolidated subsidiaries and affiliates	3,762	2,518	31,881
Other	23,017	22,746	195,059
Allowance for doubtful accounts	(201)	(25)	(1,703)
	<u>26,578</u>	<u>25,239</u>	<u>225,237</u>
Securities (Note 4)	52	—	440
Inventories (Note 5)	12,211	12,338	103,483
Deferred tax assets (Note 13)	867	794	7,348
Other current assets	4,288	1,786	36,339
Total current assets	<u>57,470</u>	<u>52,390</u>	<u>487,033</u>
<b>Investments and Other Assets:</b>			
Securities in the non-current portfolio (Note 4)	2,943	4,795	24,941
Investments in non-consolidated subsidiaries and affiliates	1,521	1,341	12,890
Deferred tax assets (Note 13)	1,189	962	10,076
Other assets	2,594	2,363	21,983
Total investments and other assets	<u>8,247</u>	<u>9,461</u>	<u>69,890</u>
<b>Property, Plant and Equipment:</b>			
Land (Note 6)	6,308	6,134	53,458
Buildings and structures (Note 6)	14,522	14,104	123,068
Machinery and equipment	22,342	21,525	189,338
Construction in progress	279	99	2,364
	<u>43,451</u>	<u>41,862</u>	<u>368,228</u>
Accumulated depreciation	(25,968)	(24,788)	(220,067)
Net property, plant and equipment	<u>17,483</u>	<u>17,074</u>	<u>148,161</u>
Total assets	<u>¥ 83,200</u>	<u>¥ 78,925</u>	<u>\$ 705,084</u>

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	March 31,		March 31,
	2007	2006	2007
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities:</b>			
Short-term loans (Note 6)	¥ 4,677	¥ 6,494	\$ 39,635
Current portion of long-term debt (Note 6)	430	5,800	3,644
Notes and accounts payable-trade: (Note 3)			
Non-consolidated subsidiaries and affiliates	670	605	5,678
Other	14,415	12,270	122,161
	<u>15,085</u>	<u>12,875</u>	<u>127,839</u>
Income tax payable	189	552	1,602
Accrued bonuses for directors	70	—	593
Other current liabilities	5,306	4,697	44,966
Total current liabilities	<u>25,757</u>	<u>30,418</u>	<u>218,279</u>
<b>Long-term Debt (Note 6)</b>	13,137	5,333	111,330
<b>Reserve for Retirement Benefits (Note 7)</b>	2,484	2,180	21,051
<b>Deferred Tax Liabilities (Note 13)</b>	2	6	17
<b>Other Long-term Liabilities</b>	680	721	5,763
<b>Commitments and Contingent Liabilities (Notes 14 and 16)</b>			
<b>Minority Interests in Consolidated Subsidiaries</b>	—	176	—
<b>Shareholders' Equity (Note 8)</b>			
Common stock:	—	11,829	—
Authorized - 252,000,000 shares			
Issued and outstanding - 75,067,736 shares			
Additional paid-in capital	—	15,351	—
Retained earnings	—	12,230	—
Unrealized gain on securities	—	1,705	—
Translation adjustments	—	(866)	—
	<u>—</u>	<u>40,249</u>	<u>—</u>
Treasury stock, at cost (Note 9)	—	(158)	—
Total shareholders' equity	<u>—</u>	<u>40,091</u>	<u>—</u>
Total liabilities, minority interests in consolidated subsidiaries and shareholders' equity	<u>¥ —</u>	<u>¥ 78,925</u>	<u>\$ —</u>

	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	March 31,		March 31,
	2007	2006	2007
<b>Net Assets</b>			
<b>Shareholders' Equity (Note 8)</b>			
Common stock:	11,829	—	100,245
Authorized - 252,000,000 shares			
Issued and outstanding – 75,067,736 shares			
Additional paid-in capital	15,349	—	130,076
Retained earnings	13,056	—	110,644
Treasury stock, at cost (Note 9)	(181)	—	(1,533)
Total shareholders' equity	<u>40,053</u>	<u>—</u>	<u>339,432</u>
<b>Revaluation and Translation Adjustments</b>			
Unrealized gain on securities	1,162	—	9,848
Deferred gain on hedges	272	—	2,305
Translation adjustments	(546)	—	(4,627)
Total revaluation and translation adjustments	<u>888</u>	<u>—</u>	<u>7,526</u>
<b>Subscription Rights to Shares</b>	13	—	110
<b>Minority Interests in Consolidated Subsidiaries</b>	186	—	1,576
Total net assets	<u>41,140</u>	<u>—</u>	<u>348,644</u>
Total liabilities and net assets	<u>¥ 83,200</u>	<u>¥ —</u>	<u>705,084</u>

The accompanying notes are an integral part of these statements.

**TAMURA CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	March 31,		March 31,
	2007	2006	2007
<b>Net Sales</b>	¥ 84,172	¥ 78,804	\$ 713,321
<b>Operating Cost and Expenses:</b>			
Cost of sales (Note 11)	63,873	59,488	541,296
Selling, general and administrative expenses (Note 10 and 11)	16,075	15,845	136,229
	<u>79,948</u>	<u>75,333</u>	<u>677,525</u>
Operating income	4,224	3,471	35,796
<b>Other Income (Expenses):</b>			
Interest and dividend income	138	124	1,169
Interest expense	(486)	(445)	(4,118)
Foreign exchange gain	27	663	228
Gain on sales of investment securities	739	—	6,262
Loss on recalled products (Note 12)	(685)	—	(5,805)
Loss on cancellation of production sub-contracts	(229)	—	(1,940)
Loss on calamity	(105)	—	(889)
Gain on reversal of reserve for retirement benefits	—	329	—
Loss on impairment of fixed assets (Note 18)	—	(226)	—
Loss on liquidation of subsidiaries	—	(243)	—
Other income	338	764	2,864
Other expenses	(1,144)	(1,853)	(9,695)
	<u>(1,407)</u>	<u>(887)</u>	<u>(11,924)</u>
Income before income taxes	2,817	2,584	23,872
<b>Income Taxes (Note 13)</b>			
Current	962	1,354	8,152
Prior years' adjustment	144	—	1,220
Deferred	181	416	1,534
<b>Minority Interests in Income (Loss) of Consolidated Subsidiaries</b>	(27)	41	(228)
Net income	<u>¥ 1,557</u>	<u>¥ 773</u>	<u>\$ 13,194</u>
		Yen	U.S. dollars
<b>Per Share:</b>			
Basic net income	¥ 20.87	¥ 9.19	\$ 0.17
Fully diluted net income	20.85	9.18	0.17
Cash dividends per share	6.00	6.00	0.05

The accompanying notes are an integral part of these statements.

**TAMURA CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

	Millions of yen March 31, <u>2006</u>
<b>Common Stock:</b>	¥
Balance at beginning of year	<u>11,829</u>
Balance at end of year	<u>11,829</u>
<b>Additional Paid-in Capital:</b>	
Balance at beginning of year	15,346
Gain on sale of treasury stock	<u>5</u>
Balance at end of year	<u>15,351</u>
<b>Retained Earnings:</b>	
Balance at beginning of year	12,810
Decrease arising from newly consolidated subsidiaries	(324)
Net income	773
Cash dividends paid	(522)
Bonuses to directors and statutory auditors	(90)
Other	<u>(417)</u>
Balance at end of year	<u>12,230</u>
<b>Unrealized Gain on Securities:</b>	
Balance at beginning of year	709
Net change during the year	<u>996</u>
Balance at end of year	<u>1,705</u>
<b>Translation Adjustments:</b>	
Balance at beginning of year	(1,619)
Net change during the year	<u>753</u>
Balance at end of year	<u>(866)</u>
<b>Treasury Stock (Note 9):</b>	
Balance at beginning of year	(163)
Net change during the year	<u>5</u>
Balance at end of year	<u>(158)</u>
 Total shareholders' equity	 <u>¥ 40,091</u>

The accompanying notes are an integral part of these statements.

**TAMURA CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

	Millions of yen							
	Number of shares issued	Shareholders' equity						Total shareholders' equity
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock (Note 9)			
Balance at March 31, 2006	75,067,736	¥ 11,829	¥ 15,351	¥ 12,230	¥ (158)			¥ 39,252
Dividends from surplus				(447)				(447)
Bonuses to directors				(87)				(87)
Net income				1,557				1,557
Acquisition of treasury stock					(25)			(25)
Sale of treasury stock			(2)		2			0
Other				(197)				(197)
Items other than changes in shareholders' equity								
Balance at March 31, 2007	<u>75,067,736</u>	<u>¥ 11,829</u>	<u>¥ 15,349</u>	<u>¥ 13,056</u>	<u>¥ (181)</u>			<u>¥ 40,053</u>

	Millions of yen								
	Revaluation and translation adjustments							Total net assets	
	Unrealized gain on securities	Deferred gain on hedges	Translation adjust- ments	Total revaluation and translation adjustments	Subscription rights to shares	Minority interests in consolidated subsidiaries			
Balance at March 31, 2006	¥ 1,705	¥ —	¥ (866)	¥ 839	¥ —	¥ 176			¥ 40,267
Dividends from surplus									(447)
Bonuses to directors									(87)
Net income									1,557
Acquisition of treasury stock									(25)
Sale of treasury stock									0
Other									(197)
Items other than changes in shareholders' equity	(543)	272	320	49	13	10			72
Balance at March 31, 2007	<u>¥ 1,162</u>	<u>¥ 272</u>	<u>¥ (546)</u>	<u>¥ 888</u>	<u>¥ 13</u>	<u>¥ 186</u>			<u>¥ 41,140</u>

	Thousands of U.S. dollars (Note 1(a))					
	Shareholders' equity					
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Treasury stock (Note 9)	Total shareholders' equity
Balance at March 31, 2006	75,067,736	\$ 100,245	\$ 130,093	\$ 103,644	\$ (1,339)	\$ 332,643
Dividends from surplus				(3,788)		(3,788)
Bonuses to directors				(737)		(737)
Net income				13,194		13,194
Acquisition of treasury stock					(211)	(211)
Sale of treasury stock			(17)		17	0
Other				(1,669)		(1,669)
Items other than changes in shareholders' equity						
Balance at March 31, 2007	<u>75,067,736</u>	<u>\$ 100,245</u>	<u>\$ 130,076</u>	<u>\$ 110,644</u>	<u>\$ (1,533)</u>	<u>\$ 339,432</u>

	Thousands of U.S. dollars (Note 1(a))						
	Revaluation and translation adjustments						
	Unrealized gain on securities	Deferred gain on hedges	Translation adjust- ments	Total revaluation and translation adjustments	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2006	\$ 14,449	\$ —	\$ (7,338)	\$ 7,111	\$ —	\$ 1,491	\$ 341,245
Dividends from surplus							(3,788)
Bonuses to directors							(737)
Net income							13,194
Acquisition of treasury stock							(211)
Sale of treasury stock							0
Other							(1,669)
Items other than changes in shareholders' equity	(4,601)	2,305	2,711	415	110	85	610
Balance at March 31, 2007	<u>\$ 9,848</u>	<u>\$ 2,305</u>	<u>\$ (4,627)</u>	<u>\$ 7,526</u>	<u>\$ 110</u>	<u>\$ 1,576</u>	<u>\$ 348,644</u>

The accompanying notes are an integral part of these statements.

**TAMURA CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	March 31,		March 31,
	2007	2006	2007
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes	¥ 2,817	¥ 2,584	\$ 23,873
Depreciation	2,049	2,110	17,364
Loss on impairment of fixed assets	—	226	—
Increase (decrease) in reserve for retirement benefits	38	(523)	322
Increase in prepaid pension cost	(56)	(131)	(474)
Increase (decrease) in allowance for doubtful accounts	169	(110)	1,432
Gain on sales of investment securities	(739)	—	(6,262)
Write-down of investment securities	81	—	686
Interest and dividend income	(138)	(124)	(1,169)
Interest expense	486	445	4,118
Foreign exchange gain	(17)	(83)	(144)
Increase in accrued bonuses for directors	70	—	593
Bonuses to directors and statutory auditors	(87)	(90)	(737)
(Increase) decrease in trade receivable	(932)	3,188	(7,898)
(Increase) decrease in inventories	515	671	4,364
Increase (decrease) in trade payable	1,490	(831)	12,627
Other, net	(124)	133	(1,051)
	<u>5,622</u>	<u>7,465</u>	<u>47,644</u>
Interest and dividend received	145	85	1,229
Interest paid	(454)	(472)	(3,848)
Income taxes paid	(1,363)	(1,220)	(11,551)
Income taxes paid for prior year	(144)	—	(1,220)
Net cash provided by operating activities	<u>3,806</u>	<u>5,858</u>	<u>32,254</u>
<b>Cash Flows from Investing Activities:</b>			
Purchase of tangible fixed assets	(2,065)	(1,499)	(17,500)
Proceeds from sale of tangible fixed assets	86	162	729
Increase in investments in securities	(363)	(655)	(3,076)
Increase in loans receivable	(152)	—	(1,288)
Proceeds from sale of investments in securities	169	893	1,432
Other, net	(252)	(442)	(2,135)
Net cash used in investing activities	<u>(2,577)</u>	<u>(1,541)</u>	<u>(21,838)</u>
<b>Cash Flows from Financing Activities:</b>			
Increase (decrease) in short-term loans	(2,009)	196	(17,025)
Proceeds from long-term debt	8,285	4,146	70,212
Repayment of long-term debt	(4,464)	(5,698)	(37,831)
Repayment of bonds	(1,500)	—	(12,712)
Repurchase of treasury stock	(25)	(25)	(211)
Proceeds from sales of treasury stock	—	35	—
Cash dividends paid	(457)	(530)	(3,872)
Proceeds from minority interests	30	—	254
Other, net	(0)	(7)	(1)
Net cash used in financing activities	<u>(140)</u>	<u>(1,883)</u>	<u>(1,186)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	243	211	2,059
Net Increase in Cash and Cash Equivalents	<u>1,332</u>	<u>2,645</u>	<u>11,288</u>
Cash and Cash Equivalents at Beginning of Year	12,012	9,306	101,797
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	3	61	25
Cash and Cash Equivalents at End of Year (Note 2)	<u>¥ 13,347</u>	<u>¥ 12,012</u>	<u>\$ 113,110</u>

The accompanying notes are an integral part of these statements.

## TAMURA CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Significant Accounting Policies

##### (a) Basis of presentation of the consolidated financial statements

The accompanying consolidated financial statements of Tamura Corporation and its consolidated subsidiaries (the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥118=U.S.\$1, the approximate rate of exchange on March 31, 2007 has been used in 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 the above rate or any other rate.

##### (b) Principles of consolidation

The consolidated financial statements include the accounts of Tamura Corporation (the "Company") and, with the exception of entities which are not material, those of its 26 majority owned subsidiaries. All significant inter-company accounts and transactions have been eliminated on consolidation.

Effective from the year ended March 31, 2007, Tamura Furukawa Machinery Corporation (TFM) and Tamura Power Technologies De Mexico, S.A. De C.V. (TMX) have been included in consolidation because TFM was newly established and TMX has had a material influence on consolidated results.

Investments in non-consolidated subsidiaries are carried at cost since their total assets, net sales and the Company's equity in their net income (loss), or retained earnings, in aggregate, do not have a material effect on the consolidated financial statements.

Foreign currency financial statements have been translated into yen at the appropriate year-end current rate except for common stock, capital surplus and certain other inter-company accounts, which are translated at the historical rate. The resulting translation differences are deferred and reflected in the accompanying consolidated balance sheets as "Translation adjustments".

##### (c) Financial instruments

###### (1) Derivatives

All derivatives are stated at fair value, with changes in fair value included in

net profit or loss for the period in which they arise, except for derivatives designated as “hedging instruments” (see (3) Hedge accounting below).

(2) Securities

Securities held by the Companies are classified as follows:

Available-for-sale securities with market values are stated at fair value. Net unrealized gains and losses on these securities are reported as a separate component of shareholders’ equity at a net-of-tax amount.

Available-for-sale securities without market values are stated at cost determined by the moving average method, except as stated in the paragraph below.

In cases where the fair value of equity securities issued by non-consolidated subsidiaries and affiliates, or available-for-sale securities, has declined significantly and such impairment of the value is not deemed temporary, these securities are written down to their fair value and the resulting losses are included in net profit or loss for the period.

(3) Hedge accounting

Gains or losses arising from changes in fair value of the derivatives designated as “hedging instruments” are deferred as assets or liabilities and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Companies are principally future contracts, forward exchange contracts and interest rate swaps. The underlying hedged items are future purchasing transactions for raw materials, trade accounts payable and interest on long-term bank loans.

The Companies have a policy to utilize the above hedging instruments in order to reduce the Companies’ exposure to the risk of price fluctuation of raw materials, exchange rate and interest rate fluctuations. Thus, the Companies’ purchases of the hedging instruments are limited to, at maximum, the amount of the hedged items.

The Companies evaluate the effectiveness of their hedging activities by reference to the accumulated gains or losses on the hedging instruments and the underlying hedged items from the commencement of the hedges.

(d) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at the estimated amount of uncollectible receivables at the balance sheets date.

(e) Inventories

Inventories are principally stated at cost determined by the following methods:

Finished goods and work-in-process:

Electronics components and Power supplies business,  
Information/Communication equipment business—Periodic average method  
Electro-chemical materials business—Retail method  
Soldering systems business—Specific identification method

Merchandise and raw materials:

Electronics components and Power supplies business,  
Information/Communication equipment business  
The Company and certain domestic consolidated subsidiaries—Periodic  
average method  
Other subsidiary companies—Last purchase price method  
Electro-chemical materials business, Soldering systems business—Last purchase  
price method  
Supplies—Last purchase price method

(f) Property, plant and equipment, and depreciation

Property, plant and equipment, including significant capital expenditures and additions, are stated at cost and are principally depreciated using the declining-balance method at rates based on the estimated useful lives of the assets. Repairs and maintenance expenses are charged to income as incurred.

(g) Accounting standard for the impairment of fixed assets

Effective from the year ended March 31, 2006, the Companies have adopted the new accounting standard for the impairment of fixed assets “Statement of Opinion on the Establishment of Accounting Standards for Impairment of Fixed Assets” issued by the Business Accounting Council of Japan on August 9, 2002 and “Application Guidance on Accounting Standards for Impairment of Fixed Assets” of Financial Accounting Standards Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003.

The standard requires that fixed assets be 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.

As a result, property, plant and equipment as of March 31, 2006, decreased by ¥226 million, and income before income taxes for the year ended March 31, 2006 decreased by the same amount, as compared with the amount which would have been reported if the previous standard had been applied consistently.

Accumulated loss from impairment is deducted directly from the acquisition costs of the related assets in accordance with the revised disclosure requirement.

(h) Reserve for directors' bonus

Effective for the year ended March 31, 2007, the Company and its domestic consolidated subsidiaries adopted the new accounting standard, “Accounting Standard for Directors' Bonus” (Statement No. 4 issued by the Accounting Standards Board of Japan on November 29, 2005). The standard requires that the estimated amounts of directors' bonus be provided as a reserve for directors'

bonus.

As a result, operating income and income before income taxes for the year ended March 31, 2007 decreased by ¥85 million (\$720 thousand).

(i) Reserve for retirement benefits

The reserve for retirement benefits represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets.

The unrecognized prior service costs are amortized on a straight-line basis over a period of 6 to 12 years from the year in which they arise. The unrecognized actuarial differences are amortized on a straight-line basis over a period of 6 to 12 years from the year following the year in which they arise.

On May 1, 2005, the Minister of Health, Labor and Welfare approved applications for an exemption from past payment obligations related to the entrusted government portion. The Company and certain domestic consolidated subsidiaries transferred the former welfare pension fund plan to the defined benefit corporate pension fund plan in accordance with Financial Accounting Standard Implementation Guidance No. 1 “Accounting for Transfers among Retirement Benefit Plans” issued by the Accounting Standards Board of Japan and relinquished the additional portion of the entrusted government portion of the retirement benefit obligations. As a result, in the year ended March 31, 2006, the Company and certain domestic consolidated subsidiaries recognized ¥329 million as “Gain on reversal of reserve for retirement benefits.”

(j) Leases

Leases that transfer substantially all the risks and rewards of ownership of the leased assets to the Companies are accounted for as capital leases. Leases which do not transfer ownership of the assets to the Companies at the end of the lease term are accounted for as operating leases, in accordance with accounting principles and practices generally accepted in Japan.

(k) Amortization of goodwill

Goodwill is amortized over 10 years.

(l) Income taxes

The income taxes of the Company and its domestic consolidated subsidiaries consist of corporate income taxes, local inhabitant taxes and enterprise taxes.

Deferred income taxes were determined using the assets and liabilities approach, whereby deferred tax assets and liabilities were recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

Deferred tax assets relating to tax loss carryforwards are recorded because the Japanese accounting standard requires that the benefit of tax loss carryforwards be estimated and recorded as an asset, with deduction of a valuation allowance if it is expected that some portion or all of the deferred tax assets will not be realized.

(m) Foreign currency translation

All monetary assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheets dates. The foreign exchange gains and losses from translation are recognized in the statements of income to the extent that they are not hedged by forward exchange contracts. Revenue and expenses are translated using the average exchange rates for the respective periods.

(n) Net income per share

Basic net income per share of common stock is computed on the basis of the weighted average number of shares of common stock outstanding during the respective years. The fully diluted net income per share calculation assumes full exercise of outstanding stock options. Cash dividends per share represent the dividends declared as applicable to the respective period.

Basis of calculation of basic net income per share and fully diluted net income per share for the year ended March 31, 2007 and 2006 were as follows:

	Millions of yen		Thousands of
	2007	2006	U.S. dollars
			2007
Basic net income per share			
Total net income in consolidated statements of income	¥ 1,557	¥ 773	\$ 13,194
Value not attribute to common stock:			
Bonuses to directors from retained earnings	¥ —	¥ 87	\$ —
Total net income attribute to common stock	¥ 1,557	¥ 685	\$ 13,194
Average number of shares outstanding during the year [thousands of shares]	74,626	74,658	74,626
Fully diluted net income per share			
Increase in common stock:			
Treasury stock for stock option by treasury stock acquisition method [thousands of shares]	—	0	—
Subscription right to shares [thousands of shares]	53	26	53

(o) Reclassifications

Certain reclassifications of the financial statements and related notes for the year ended March 31, 2006 have been made to conform to the presentation for the year ended March 31, 2007.

(p) Accounting standard for presentation of net assets in the balance sheet

Effective for the year ended March 31, 2007, the Company has applied “Accounting Standards for Presentation of Net Assets in the Balance Sheet” (Statement No. 5 issued by the Accounting standards Board of Japan on December 9, 2005), and “Implementation Guidance for Accounting Standards for

Presentation of Net Assets in the Balance Sheet” (the Financial Accounting Standard Implementation Guidance No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005).

The consolidated balance sheet as of March 31, 2007 has been prepared in accordance with the new accounting standards with respect to the assets, liabilities and net assets sections. Total shareholders’ equity at March 31, 2007 as presented previously would have amounted to ¥40,669 million (\$344,653 thousand).

(q) Accounting standard for stock options

Effective for the year ended March 31, 2007, the Companies adopted “Accounting for Subscription Rights to Shares and for Bonds with Subscription Rights to Shares” (Statement No. 8 issued by the Accounting Standards Board of Japan on December 27, 2005), and “Implementation Guidance for Accounting Standard for Share-based Payments” (the Financial Accounting Standard Implementation Guidance No. 11 issued by the Accounting Standards Board of Japan on May 31, 2006).

As a result, operating income and income before income taxes for the year ended March 31, 2007 decreased by ¥13 million (\$110 thousand).

## 2. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits able to be withdrawn on demand and short-term investments with a maturity of 3 months or less and which represent a minor risk of fluctuation in value.

At March 31, cash and cash equivalents consisted of:

	Millions of yen		Thousands of
	2007	2006	U.S. dollars
Cash and bank deposits	¥ 13,474	¥ 12,233	\$ 114,186
Time deposits with deposit term of over 3 months	(127)	(221)	(1,076)
Cash and cash equivalents	<u>¥ 13,347</u>	<u>¥ 12,012</u>	<u>\$ 113,110</u>

## 3. Promissory Notes with Maturity Dates as of March 31, 2007

Promissory notes are accounted for as liquidated at their maturity date. Since the fiscal year end of March 31, 2007 was non-service day for financial institutions, the Promissory notes with the maturity dates of March 31, 2007 have still not been liquidated and are presented with their respective balances below:

Notes receivable	¥ 9 million (\$ 76 thousand)
Notes payable	¥219 million (\$1,855 thousand)
Discount notes	¥ 6 million (\$ 50 thousand)

#### 4. Securities

At March 31, securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Available-for-sale securities for which market quotations are available			
At cost	¥ 1,243	¥ 1,767	\$ 10,533
Fair value	2,863	4,605	24,262
Net	1,620	2,838	13,729
	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Available-for-sale securities without market quotations:			
Unlisted securities	80	68	678
Others	52	121	440
Total	¥ 132	¥ 189	\$ 1,118

Available-for-sale securities which the Companies sold during the fiscal years amounted to the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Sales value	¥ 1,276	¥ 893	\$ 10,813
Gain on sale	739	414	6,262
Loss on sale	—	—	—

#### 5. Inventories

At March 31, inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Merchandise	¥ 1,968	¥ 1,882	\$ 16,678
Finished goods	1,464	1,841	12,407
Work in process	2,432	2,412	20,610
Raw materials and supplies	6,347	6,203	53,788
Total	¥ 12,211	¥ 12,338	\$ 103,483

## 6. Short-term Loans and Long-term Debt

Short-term loans at March 31, 2007 and 2006 were principally bank overdrafts and short-term notes bearing interest at annual average interest rates of 4.28 per cent and 3.76 per cent, respectively.

At March 31, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Bonds, 0.95 per cent, due 2007	¥ —	¥ 1,500	\$ —
Long-term loans, principally from banks (*)	13,567	9,633	114,974
	<u>13,567</u>	<u>11,133</u>	<u>114,974</u>
Less: current portion	(430)	(5,800)	(3,644)
Total	<u>¥ 13,137</u>	<u>¥ 5,333</u>	<u>\$ 111,330</u>

(\*) At March 31, long-term loans consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Long-term portion, at annual average rates of 1.65 per cent (2006 - 1.21 per cent)	¥ 13,137	¥ 5,333	\$ 111,330
Current portion, at annual average rates of 2.01 per cent (2006 - 1.34 per cent)	430	4,300	3,644
	<u>¥ 13,567</u>	<u>¥ 9,633</u>	<u>\$ 114,974</u>

The aggregate annual maturities of long-term debt at March 31, 2007 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥ 960	\$ 8,135
2010	171	1,449
2011	4,006	33,949
After 2012	8,000	67,797

At March 31, 2007, the following assets were pledged as collateral for long-term debt:

	Millions of yen	Thousands of U.S. dollars
Buildings and structures	¥ 337	\$ 2,855
Land	¥ 415	\$ 3,516

## 7. Retirement Benefit Plan

The Company and certain consolidated subsidiaries have defined benefit retirement plans covering substantially all employees. Benefits under the plans are covered by two plans. One is governed by the regulations of the Defined Benefit Corporate Pension Law and the other is severance indemnity by the Companies.

The reserve for retirement benefits as of March 31 is analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Projected benefit obligations	¥ 10,463	¥ 9,927	\$ 88,669
Plan assets	8,264	7,819	70,034
	2,199	2,108	18,635
Unrecognized prior service cost	(453)	(605)	(3,839)
Unrecognized actuarial differences	355	664	3,008
Prepaid pension cost	(187)	(131)	(1,585)
	<u>¥ 2,484</u>	<u>¥ 2,180</u>	<u>\$ 21,051</u>

Net pension expense related to retirement benefits for the years ended March 31, 2007 and 2006, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Service cost	¥ 406	¥ 353	\$ 3,441
Interest cost	256	248	2,169
Expected return on plan assets	(246)	(176)	(2,085)
Recognition of net transition obligation expense	53	—	449
Amortization of prior service cost	(54)	31	(457)
Amortization of actuarial differences	163	193	1,381
Net pension expense	<u>¥ 578</u>	<u>¥ 649</u>	<u>\$ 4,898</u>

Assumptions used in the calculation of the above information were as follows:

	2007	2006
Discount rate	Principally 2.0%	Principally 2.0%
Expected rate of return on plan assets	Principally 2.5%	Principally 2.5%
Method of attributing the projected benefits to periods of service	straight-line basis	straight-line basis
Amortization of transition amount	5 years	5 years
Amortization of prior service cost	6-12 years	6-12 years
Amortization of actuarial differences	6-12 years	6-12 years

## 8. Shareholders' Equity

From May 1, 2006, Japanese companies are subject to the Commercial Code of Japan as follows:

- (a) Upon a resolution by the Board of Directors, appropriations of interim cash dividends and the related transfer to the legal earned reserve as described in (c) below can be made from unappropriated retained earnings brought forward;
- (b) All other appropriations of retained earnings, including year-end dividends, require approval by the shareholders at the General Meeting of Shareholders; and
- (c) An amount equal to at least 10 per cent of cash dividends and other cash distributions paid by the Company from retained earnings must be appropriated from retained earnings as a legal earned reserve. No further appropriation is required when the combined amount of capital reserve and the legal earned reserve pursuant to the Japanese Commercial Code equals 25 per cent of stated capital.

On May 1, 2006, a new Corporate Law became effective, which reformed and replaced the Commercial Code with various revisions that would, for the most part, be applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the General Meeting of Shareholders.

In accordance with the customary practice in Japan, appropriations of retained earnings are recorded in the accounting period in which shareholders' approval is obtained. Appropriation of retained earnings of the Company for the year ended March 31, 2007, which was approved at the General Meeting of Shareholders held on June 28, 2007, is presented below:

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Appropriation for:		
Cash dividends	223	1,889

## 9. Treasury Stock

The Company repurchased treasury stock of 469,168 shares and 423,045 shares for the years ended March 31, 2007 and 2006, respectively in order to prepare for the exercise of stock options granted to certain directors and employees, subject to the approval of the General Meeting of Shareholders.

The amount of treasury stock is stated at cost and is presented as a separate deduction from shareholders' equity.

## 10. Selling, General and Administrative Expenses

For the year ended March 31, 2007 and 2006, the significant components of selling, general and administrative expenses were as follows:

	Millions of yen		Thousands of
	2007	2006	U.S. dollars
Salaries	¥ 5,013	¥ 4,821	\$ 42,483
Pension expense	350	439	2,966
Research and development expense	784	781	6,644
Freight	1,511	1,871	12,805

## 11. Research and Development Expenses

Total research and development expenses included in manufacturing costs and selling, general and administrative expenses amounted to ¥784 million (\$6,644 thousand) in the year ended March 31, 2007 and ¥781 million in the year ended March 31, 2006.

## 12. Loss on Recalled Products

The loss on recalled products results from the expenses associated with recalling certain products that had material defects.

### 13. Income Taxes

At March 31, the significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Deferred tax assets:			
Accrued bonuses	¥ 477	¥ 405	\$ 4,042
Accrued enterprise taxes	31	69	263
Reserve for retirement benefits	2,053	1,993	17,398
Unrealized earnings on assets	98	59	831
Tax loss carryforwards	1,125	802	9,534
Loss on valuation of investment securities	1,605	—	13,601
Loss on setting up trust for retirement benefits	146	146	1,237
Other	1,113	1,475	9,432
Total	6,648	4,949	56,338
Valuation allowance	(3,319)	(1,443)	(28,127)
Deferred tax assets	¥ 3,329	¥ 3,506	\$ 28,211
Deferred tax liabilities:			
Gain on setting up trust for retirement benefits	¥ 616	¥ 616	\$ 5,220
Unrealized gain on securities	470	1,136	3,983
Other	189	4	1,602
Total deferred tax liabilities	1,275	1,756	10,805
Net deferred tax assets	¥ 2,054	¥ 1,750	\$ 17,406

At March 31, the reconciliation of the statutory income tax rate to the effective income tax rate is as follows:

	2007	2006
Statutory income tax rate	40.0 %	40.0 %
Increase (decrease) in taxes resulting from:		
Permanent differences	2.2	20.5
Foreign income taxes	(15.1)	0.8
Other	18.6	7.2
Effective income tax rate	45.7 %	68.5 %

## 14. Leases

Pro forma information regarding leased assets, such as acquisition cost and accumulated depreciation under finance leases which do not transfer ownership of the leased assets to the lessee for the years ended March 31, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Structures, machinery and equipment, and software			
Cost	¥ 2,136	¥ 2,067	\$ 18,100
Accumulated depreciation	<u>1,068</u>	<u>705</u>	<u>9,050</u>
Net amount	<u>¥ 1,068</u>	<u>¥ 1,362</u>	<u>\$ 9,050</u>

The following is a schedule of the future minimum lease payments under such lease contracts as of March 31:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Due within one year	¥ 445	¥ 432	\$ 3,771
Due after one year	<u>641</u>	<u>944</u>	<u>5,432</u>
	<u>¥ 1,086</u>	<u>¥ 1,376</u>	<u>\$ 9,203</u>

The total lease expense under finance leases for the years ended March 31, 2007 and 2006 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Lease rental expense	¥ 490	¥ 460	\$ 4,152
Depreciation cost	467	440	3,957
Interest expense	¥ 25	¥ 26	\$ 211

## 15. Derivative Financial Instruments

The Companies do not hold or issue derivatives for trading purposes and it is the Companies' policy to use derivatives only for the purpose of reducing exposure to market risks and financing costs in accordance with internal policies. The Companies do not anticipate any losses resulting from default of the counterparties as these are limited to major financial institutions with sound operational foundations.

## 16. Contingent Liabilities

The Companies were contingently liable for notes discounted with banks in the ordinary course of business in the amount of ¥80 million (\$677 thousand) at March 31, 2007 and ¥78 million at March 31, 2006. In addition, the Companies were contingently liable as guarantor of borrowings, principally for non-consolidated

subsidiaries, in the amount of ¥107 million (\$906 thousand) at March 31, 2007 and ¥142 million at March 31, 2006.

## 17. Stock Options

(a) Amount of stock options to be expensed for the year ended March 31, 2007.

Selling, general and administrative expenses    ¥13 million (\$110 thousand)

(b) Outline of stock options and changes

a. Outline of stock options

Date of resolution	TAMURA CORPORATION The 2nd Stock Option Plan June 29, 2005	TAMURA CORPORATION The 3rd Stock Option Plan June 29, 2006
Title and number of grantees	Directors 6 (Exclude outside director) Executive officer 9	Directors 6 (Exclude outside director) Executive officer 6
Number of stock options	Common shares 35,000	Common shares 28,000
Grant date	July 1, 2005	July 1, 2006
Condition for vesting	Retirement of director and executive officer	Retirement of director and executive officer
Requisite service period	N.A.	N.A.
Exercise period	For the period of five years from the next day of retirement of director and executive officer	July 1, 2006 to June 30, 2036

The company's stock option plan was designed as stock compensation to directors and executive officers when the directors retirement benefit plan was abolished in June of 2005.

b. Stock options granted and changes

The transaction of stock option of the year ended March 31, 2007 are summarized after converted to shares of stocks.

### Number of stock options

Date of resolution	TAMURA CORPORATION The 2nd Stock Option Plan June 29, 2005	TAMURA CORPORATION The 3rd Stock Option Plan June 29, 2006
Before vested		
Previous fiscal year-end	35,000	—
Granted	—	28,000
Forfeited	—	—
Vested	5,000	—
Outstanding	30,000	28,000
After vested		
Previous fiscal year-end	—	—
Vested	5,000	—
Exercised	5,000	—
Forfeited	—	—
Exercisable	—	—

Price information		(Yen)
Date of resolution	TAMURA CORPORATION The 2nd Stock Option Plan June 29, 2005	TAMURA CORPORATION The 3rd Stock Option Plan June 29, 2006
Exercise price	1	1
Average stock price at exercise	471	—
Fair value at the grant date	—	464

- (c) Valuation technique used for valuating fair value of stock options  
TAMURA CORPORATION the 3rd plan stock options granted in the fiscal year were valuated using the following valuation technique.

Valuation technique: Black-Scholes option-pricing model

Principal parameters used in the option-pricing model

Date of resolution	TAMURA CORPORATION The 3rd Stock Option Plan June 29, 2006
Expected volatility(*1)	29%
Average expected life(*2)	10 years
Expected dividends(*3)	6 yen per share
Risk-free interest rate(*4)	1.89%

- (\*)1. Calculated based on the actual stock prices during the 15 months from April 2005 to June 2006.  
2. The average expected life could not be estimated rationally due to insufficient amount of data. Therefore, it was estimated assuming that the options were exercised at the 1/3 point of the excise period.  
3. The actual dividends on common stock for the fiscal year ended March 31, 2006.  
4. Japanese government bond yield corresponding to the average expected life.

- (d) Method of estimating number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

## 18. Impairment Loss on Fixed Assets

The Companies have recognized a loss on impairment of fixed assets, for the following group of assets as of March 31, 2006.

Location	Use	Category
Minakami-cho, Tone-gun, Gunma, Japan	Welfare facilities	Land
Sakata-shi, Yamagata, Japan	Idle properties	Land
Katori-shi, Chiba, Japan	Idle properties	Land

The Companies grouped fixed assets based on management reporting classifications, and grouped idle properties based on their respective types and use.

The welfare facilities were grouped according to the classification of the idle properties.

Carrying amounts of idle properties and welfare facilities were written down to their recoverable value, owing to a substantial decline in their fair market value. As a result, the Companies recognized a loss on impairment of land in the amount of ¥226 million.

The recoverable value is determined as the net selling value, which is mainly based on appraisals provided by professional real estate valuers.

## 19. Related party transactions

In the normal course of business, the Company has sold goods to Tamura Electronics (Shanghai) Co., Ltd. ("TSO") in which the Company's consolidated subsidiary holds 100% of the outstanding shares. The transactions described in the table below are generally conducted in accordance with terms and conditions decided on a market-determined basis.

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31		Year ended March 31,
	2007	2006	2007
Transactions:			
With TSO -			
Sales of goods	¥ 4,057	¥ —	\$ 34,381
	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2007	2006	2007
Balances:			
With TSO -			
Accounts receivable-trade	¥ 1,768	¥ —	\$ 14,983

## 20. Segment Information

(a) Industry segments:

The operations of the Companies for the years ended March 31, 2007 and 2006 are summarized by business group as follows:

## Year ended March 31, 2007

	Millions of yen						
	Electronic components and Power supplies	Electro-chemical materials and Soldering systems	Information/Communication equipment	Other	Corporate and Eliminations	Consolidated	
Sales and operating revenue							
Sales-							
Customers	¥ 46,744	¥ 31,271	¥ 6,121	¥ 36	¥ —	¥ 84,172	
Inter-segment	8	62	—	586	(656)	—	
	<u>46,752</u>	<u>31,333</u>	<u>6,121</u>	<u>622</u>	<u>(656)</u>	<u>84,172</u>	
Operating costs and expenses	<u>45,813</u>	<u>27,305</u>	<u>5,398</u>	<u>620</u>	<u>812</u>	<u>79,948</u>	
Operating income	<u>¥ 939</u>	<u>¥ 4,028</u>	<u>¥ 723</u>	<u>¥ 2</u>	<u>¥ (1,468)</u>	<u>¥ 4,224</u>	
Identifiable assets	¥ 36,432	¥ 33,487	¥ 3,054	¥ 443	¥ 9,784	¥ 83,200	
Depreciation and amortization	¥ 1,036	¥ 789	¥ 148	¥ 2	¥ 74	¥ 2,049	
Capital expenditures	¥ 1,218	¥ 1,099	¥ 99	¥ 3	¥ 158	¥ 2,577	

## Year ended March 31, 2006

	Millions of yen						
	Electronic components and Power supplies	Electro-chemical materials and Soldering systems	Information/Communication equipment	Other	Corporate and Eliminations	Consolidated	
Sales and operating revenue							
Sales-							
Customers	¥ 41,389	¥ 31,487	¥ 5,904	¥ 24	¥ —	¥ 78,804	
Inter-segment	16	3	0	629	(648)	—	
	<u>41,405</u>	<u>31,490</u>	<u>5,904</u>	<u>653</u>	<u>(648)</u>	<u>78,804</u>	
Operating costs and expenses	<u>41,333</u>	<u>26,982</u>	<u>5,447</u>	<u>647</u>	<u>924</u>	<u>75,333</u>	
Operating income	<u>¥ 72</u>	<u>¥ 4,508</u>	<u>¥ 457</u>	<u>¥ 6</u>	<u>¥ (1,572)</u>	<u>¥ 3,471</u>	
Identifiable assets	¥ 32,148	¥ 34,167	¥ 4,755	¥ 441	¥ 7,414	¥ 78,925	
Depreciation and amortization	¥ 1,070	¥ 799	¥ 146	¥ 2	¥ 93	¥ 2,110	
Loss on impairment of fixed assets	¥ 38	¥ —	¥ —	¥ —	¥ 188	¥ 226	
Capital expenditures	¥ 1,136	¥ 675	¥ 70	¥ 5	¥ 171	¥ 2,057	

Year ended March 31, 2007

	Thousands of U.S. dollars					
	Electronic components and Power supplies	Electro- chemical materials and Soldering systems	Information/ Communi- cation equipment	Other	Corporate and Eliminations	Consoli- dated
Sales and operating revenue						
Sales-						
Customers	\$ 396,135	\$ 265,008	\$ 51,873	\$ 305	\$ —	\$ 713,321
Inter-segment	68	525	0	4,966	(5,559)	—
	<u>396,203</u>	<u>265,533</u>	<u>51,873</u>	<u>5,271</u>	<u>(5,559)</u>	<u>713,321</u>
Operating costs and expenses	<u>388,246</u>	<u>231,398</u>	<u>45,746</u>	<u>5,254</u>	<u>6,881</u>	<u>677,525</u>
Operating income	<u>\$ 7,957</u>	<u>\$ 34,135</u>	<u>\$ 6,127</u>	<u>\$ 17</u>	<u>\$ (12,440)</u>	<u>\$ 35,796</u>
Identifiable assets	\$ 308,746	\$ 283,788	\$ 25,881	\$ 3,754	\$ 82,915	\$ 705,084
Depreciation and amortization	\$ 8,780	\$ 6,686	\$ 1,254	\$ 17	\$ 627	\$ 17,364
Capital expenditures	\$ 10,322	\$ 9,314	\$ 838	\$ 25	\$ 1,339	\$ 21,838

(b) Geographic segments:

The operations of the Companies for the years ended March 31, 2007 and 2006 are summarized by geographic segment as follows:

	Year ended March 31, 2007					
	Millions of yen					
	Japan	Asia	Europe	North and South America	Corporate and Eliminations	Consolidated
Sales and operating revenue						
Sales- Customers	¥ 40,908	¥ 34,389	¥ 6,097	¥ 2,778	¥ —	¥ 84,172
Inter-segment	7,036	10,016	167	14	(17,233)	—
	47,944	44,405	6,264	2,792	(17,233)	84,172
Operating costs and expenses	44,456	42,202	6,232	2,773	(15,715)	79,948
Operating income	¥ 3,488	¥ 2,203	¥ 32	¥ 19	¥ (1,518)	¥ 4,224
Identifiable assets	¥ 52,542	¥ 31,860	¥ 2,960	¥ 1,646	¥ (5,808)	¥ 83,200

  

	Year ended March 31, 2006					
	Millions of yen					
	Japan	Asia	Europe	North and South America	Corporate and Eliminations	Consolidated
Sales and operating revenue						
Sales- Customers	¥ 40,148	¥ 31,773	¥ 4,561	¥ 2,322	¥ —	¥ 78,804
Inter-segment	7,388	10,279	152	19	(17,838)	—
	47,536	42,052	4,713	2,341	(17,838)	78,804
Operating costs and expenses	43,973	40,521	4,786	2,332	(16,279)	75,333
Operating income (loss)	¥ 3,563	¥ 1,531	¥ (73)	¥ 9	¥ (1,559)	¥ 3,471
Identifiable assets	¥ 51,284	¥ 30,315	¥ 2,473	¥ 1,363	¥ (6,510)	¥ 78,925

Year ended March 31, 2007

	Thousands of U.S. dollars					
	Japan	Asia	Europe	North and South America	Corporate and Eliminations	Consoli- dated
Sales and operating revenue						
Sales-						
Customers	\$ 346,678	\$ 291,432	\$ 51,669	\$ 23,542	\$ —	\$ 713,321
Inter-segment	59,627	84,881	1,415	119	(146,042)	—
	<u>406,305</u>	<u>376,313</u>	<u>53,084</u>	<u>23,661</u>	<u>(146,042)</u>	<u>713,321</u>
Operating costs and expenses	<u>376,746</u>	<u>357,644</u>	<u>52,813</u>	<u>23,500</u>	<u>(133,178)</u>	<u>677,525</u>
Operating income	<u>\$ 29,559</u>	<u>\$ 18,669</u>	<u>\$ 271</u>	<u>\$ 161</u>	<u>\$ (12,864)</u>	<u>\$ 35,796</u>
Identifiable assets	\$ 445,271	\$ 270,000	\$ 25,084	\$ 13,949	\$ (49,220)	\$ 705,084

Total exports by domestic operations and sales by overseas branches and subsidiaries for the years ended March 31, 2007 and 2006, were as follows:

Year ended March 31, 2007					
Millions of yen					
	Asia	Europe	North and South America	Other	Total
Export sales	¥ 39,207	¥ 5,502	¥ 3,797	¥ 0	¥ 48,506
Total sales					84,172
Export sales as percentage of total sales	46.6%	6.5%	4.5%	0.0%	57.6%

Year ended March 31, 2006					
Millions of yen					
	Asia	Europe	North and South America	Other	Total
Export sales	¥ 36,698	¥ 4,286	¥ 2,892	¥ 0	¥ 43,876
Total sales					78,804
Export sales as percentage of total sales	46.6%	5.4%	3.7%	0.0%	55.7%

Year ended March 31, 2007					
Thousands of U.S. dollars					
	Asia	Europe	North and South America	Other	Total
Export sales	\$ 332,262	\$ 46,627	\$ 32,178	\$ 0	\$ 411,067
Total sales					713,321
Export sales as percentage of total sales	46.6%	6.5%	4.5%	0.0%	57.6%