

**CONSOLIDATED FINANCIAL STATEMENTS**  
**TAMURA CORPORATION**  
**AS OF MARCH 31, 2008 AND 2007**

## Report of Independent Auditors

The Board of Directors  
TAMURA CORPORATION

We have audited the accompanying consolidated balance sheet of TAMURA CORPORATION and consolidated subsidiaries as of March 31, 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the year then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of TAMURA CORPORATION and consolidated subsidiaries for the year ended March 31, 2007 were audited by other auditors whose report dated June 28, 2007, expressed an unqualified opinion on those financial statements.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TAMURA CORPORATION and consolidated subsidiaries at March 31, 2008, 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 18(a) "Subsequent Events", the Company acquired stocks of KOHA Co., Ltd., which has become a subsidiary of the Company.

As described in Note 18(b) "Subsequent Events", on May 23, 2008, the Company's board of directors resolved the acquisition of the Company's shares of common stock.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1(a).

*Ernst & Young ShinNihon*

June 27, 2008

**TAMURA CORPORATION AND CONSOLIDATED SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	March 31,		March 31,
	2008	2007	2008
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and bank deposits (Note 2)	¥ 18,379	¥ 13,474	\$ 183,790
Notes and accounts receivable-trade			
Non-consolidated subsidiaries and affiliates	1,595	3,762	15,950
Other	24,422	23,017	244,220
Allowance for doubtful accounts	(390)	(201)	(3,900)
	<u>25,627</u>	<u>26,578</u>	<u>256,270</u>
Securities (Note 3)	—	52	—
Inventories (Note 4)	12,102	12,211	121,020
Deferred tax assets (Note 11)	854	867	8,540
Other current assets	2,378	4,288	23,780
Total current assets	<u>59,340</u>	<u>57,470</u>	<u>593,400</u>
<b>Investments and Other Assets:</b>			
Securities in the non-current portfolio (Note 3)	2,014	2,943	20,140
Investments in non-consolidated subsidiaries and affiliates	1,215	1,521	12,150
Deferred tax assets (Note 11)	1,618	1,189	16,180
Other assets	2,646	2,594	26,460
Total investments and other assets	<u>7,493</u>	<u>8,247</u>	<u>74,930</u>
<b>Property, Plant and Equipment:</b>			
Land (Note 5)	6,170	6,308	61,700
Buildings and structures (Note 5)	15,305	14,522	153,050
Machinery and equipment	23,003	22,342	230,030
Construction in progress	10	279	100
	<u>44,488</u>	<u>43,451</u>	<u>444,880</u>
Accumulated depreciation	(27,265)	(25,968)	(272,650)
Net property, plant and equipment	<u>17,223</u>	<u>17,483</u>	<u>172,230</u>
Total assets	<u>¥ 84,056</u>	<u>¥ 83,200</u>	<u>\$ 840,560</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,
	2008	2007	2008
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities:</b>			
Short-term loans (Note 5)	¥ 3,734	¥ 4,677	\$ 37,340
Current portion of long-term debt (Note 5)	960	430	9,600
Notes and accounts payable-trade			
Non-consolidated subsidiaries and affiliates	903	670	9,030
Other	14,887	14,415	148,870
	<u>15,790</u>	<u>15,085</u>	<u>157,900</u>
Income tax payable	390	189	3,900
Accrued bonuses	1,068	—	10,680
Accrued bonuses for directors	102	70	1,020
Other current liabilities (Note 11)	5,398	5,306	53,980
Total current liabilities	<u>27,442</u>	<u>25,757</u>	<u>274,420</u>
<b>Long-term Debt (Note 5)</b>	12,077	13,137	120,770
<b>Reserve for Retirement Benefits (Note 6)</b>	2,352	2,484	23,520
<b>Deferred Tax Liabilities (Note 11)</b>	1	2	10
<b>Other Long-term Liabilities</b>	645	680	6,450
<b>Commitments and Contingent Liabilities (Notes 12 and 14)</b>			
<b>Net Assets</b>			
<b>Shareholders' Equity (Note 7)</b>			
Common stock:	11,829	11,829	118,290
Authorized - 252,000,000 shares			
Issued and outstanding – 75,067,736 shares			
Additional paid-in capital	15,337	15,349	153,370
Retained earnings	14,624	13,056	146,240
Treasury stock, at cost (Note 8)	(203)	(181)	(2,030)
Total shareholders' equity	<u>41,587</u>	<u>40,053</u>	<u>415,870</u>
<b>Revaluation and Translation Adjustments</b>			
Unrealized gain on securities	412	1,162	4,120
Deferred gain on hedges	(159)	272	(1,590)
Translation adjustments	(541)	(546)	(5,410)
Total revaluation and translation adjustments	<u>(288)</u>	<u>888</u>	<u>(2,880)</u>
<b>Subscription Rights to Shares</b>	31	13	310
<b>Minority Interests in Consolidated Subsidiaries</b>	209	186	2,090
Total net assets	<u>41,539</u>	<u>41,140</u>	<u>415,390</u>
Total liabilities and net assets	<u>¥ 84,056</u>	<u>¥ 83,200</u>	<u>\$ 840,560</u>

The accompanying notes are an integral part of these statements.

**TAMURA CORPORATION AND CONSOLIDATED SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

	Millions of yen		Thousands U.S. dollars (Note 1(a))
	March 31,		March 31,
	2008	2007	2008
<b>Net Sales</b>	¥ 90,979	¥ 84,172	\$ 909,790
<b>Operating Cost and Expenses:</b>			
Cost of sales (Note 10)	69,147	63,873	691,470
Selling, general and administrative expenses (Note 9 and 10)	17,291	16,075	172,910
	86,438	79,948	864,380
Operating income	4,541	4,224	45,410
<b>Other Income (Expenses):</b>			
Interest and dividend income	249	138	2,490
Interest expense	(433)	(486)	(4,330)
Foreign exchange gain (loss)	(441)	27	(4,410)
Gain on sales of investment securities	—	739	—
Loss on recalled products	—	(685)	—
Loss on cancellation of production sub-contracts	—	(229)	—
Loss on calamity	—	(105)	—
Other income	462	338	4,620
Other expenses	(1,147)	(1,144)	(11,470)
	(1,310)	(1,407)	(13,100)
Income before income taxes	3,231	2,817	32,310
<b>Income Taxes (Note 11)</b>			
Current	1,047	962	10,470
Prior years' adjustment	60	144	600
Deferred	255	181	2,550
<b>Minority Interests in Income (Loss) of Consolidated Subsidiaries</b>	22	(27)	220
Net income	¥ 1,847	¥ 1,557	\$ 18,470
	Yen		U.S. dollars
<b>Per Share:</b>			
Basic net income	¥ 24.77	¥ 20.87	\$ 0.24
Fully diluted net income	24.75	20.85	0.24
Cash dividends per share	6.00	6.00	0.06

The accompanying notes are an integral part of these statements.

TAMURA CORPORATION AND 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 8)		
Balance at March 31, 2007	75,067,736	¥ 11,829	¥ 15,349	¥ 13,056	¥ (181)	¥ 40,053	
Dividends from surplus				(447)		(447)	
Net income				1,847		1,847	
Acquisition of treasury stock					(25)	(25)	
Sale of treasury stock			(1)		3	2	
Other			(11)	168		157	
Items other than changes in shareholders' equity							
Balance at March 31, 2008	<u>75,067,736</u>	<u>¥ 11,829</u>	<u>¥ 15,337</u>	<u>¥ 14,624</u>	<u>¥ (203)</u>	<u>¥ 41,587</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, 2007	¥ 1,162	¥ 272	¥ (546)	¥ 888	¥ 13	¥ 186	¥ 41,140
Dividends from surplus							(447)
Net income							1,847
Acquisition of treasury stock							(25)
Sale of treasury stock							2
Other			45	45		22	224
Items other than changes in shareholders' equity	(750)	(431)	(40)	(1,221)	18	1	(1,202)
Balance at March 31, 2008	<u>¥ 412</u>	<u>¥ (159)</u>	<u>¥ (541)</u>	<u>¥ (288)</u>	<u>¥ 31</u>	<u>¥ 209</u>	<u>¥ 41,539</u>

	Millions of yen					
	Number of shares issued	Shareholders' equity				
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock (Note 8)	Total shareholders' equity
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						
	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	¥ 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 7)	Total shareholders' equity
Balance at March 31, 2007	75,067,736	\$ 118,290	\$ 153,490	\$ 130,560	\$ (1,810)	\$ 400,530
Dividends from surplus				(4,470)		(4,470)
Net income				18,470		18,470
Acquisition of treasury stock					(250)	(250)
Sale of treasury stock			(10)		30	20
Other			(110)	1,680		1,570
Items other than changes in shareholders' equity						
Balance at March 31, 2008	<u>75,067,736</u>	<u>\$ 118,290</u>	<u>\$ 153,370</u>	<u>\$ 146,240</u>	<u>\$ (2,030)</u>	<u>\$ 415,870</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, 2007	\$ 11,620	\$ 2,720	\$ (5,460)	\$ 8,880	\$ 130	\$ 1,860	\$ 411,400
Dividends from surplus							(4,470)
Net income							18,470
Acquisition of treasury stock							(250)
Sale of treasury stock							20
Other			450	450		220	2,240
Items other than changes in shareholders' equity	(7,500)	(4,310)	(400)	(12,210)	180	10	(12,020)
Balance at March 31, 2008	<u>\$ 4,120</u>	<u>\$ (1,590)</u>	<u>\$ (5,410)</u>	<u>\$ (2,880)</u>	<u>\$ 310</u>	<u>\$ 2,090</u>	<u>\$ 415,390</u>

The accompanying notes are an integral part of these statements.

**TAMURA CORPORATION AND CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	March 31,		March 31,
	2008	2007	2008
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes	¥ 3,231	¥ 2,817	\$ 32,310
Depreciation	2,305	2,049	23,050
Increase (decrease) in reserve for retirement benefits	(32)	38	(320)
Increase in prepaid pension cost	(79)	(56)	(790)
Increase in allowance for doubtful accounts	149	169	1,490
Gain on sales of investment securities	—	(739)	—
Write-down of investment securities	3	81	30
Interest and dividend income	(249)	(138)	(2,490)
Interest expense	433	486	4,330
Foreign exchange gain	(294)	(17)	(2,940)
Increase in accrued bonuses	1,068	—	10,680
Increase in accrued bonuses for directors	31	70	310
Bonuses to directors and statutory auditors	—	(87)	—
Increase in trade receivable	(78)	(932)	(780)
Decrease in inventories	546	515	5,460
Increase in trade payable	623	1,490	6,230
Other, net	(104)	(124)	(1,040)
	<u>7,553</u>	<u>5,622</u>	<u>75,530</u>
Interest and dividend received	265	145	2,650
Interest paid	(434)	(454)	(4,340)
Income taxes paid	(809)	(1,363)	(8,090)
Income taxes paid for prior year	(60)	(144)	(600)
Net cash provided by operating activities	<u>6,515</u>	<u>3,806</u>	<u>65,150</u>
<b>Cash Flows from Investing Activities:</b>			
Purchase of tangible fixed assets	(1,818)	(2,065)	(18,180)
Proceeds from sale of tangible fixed assets	94	86	940
Increase in investments in securities	(349)	(363)	(3,490)
Increase in loans receivable	(16)	(152)	(160)
Proceeds from sale of investments in securities	1,228	169	12,280
Other, net	(213)	(252)	(2,130)
Net cash used in investing activities	<u>(1,074)</u>	<u>(2,577)</u>	<u>(10,740)</u>
<b>Cash Flows from Financing Activities:</b>			
Decrease in short-term loans	(825)	(2,009)	(8,250)
Proceeds from long-term debt	—	8,285	—
Repayment of long-term debt	(550)	(4,464)	(5,500)
Repayment of bonds	—	(1,500)	—
Repurchase of treasury stock	(25)	(25)	(250)
Proceeds from sales of treasury stock	(0)	—	(0)
Cash dividends paid	(457)	(457)	(4,570)
Proceeds from minority interests	—	30	—
Net cash used in financing activities	<u>(1,857)</u>	<u>(140)</u>	<u>(18,570)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	336	243	3,360
Net Increase in Cash and Cash Equivalents	<u>3,920</u>	<u>1,332</u>	<u>39,200</u>
Cash and Cash Equivalents at Beginning of Year	13,347	12,012	133,470
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	797	3	7,970
Cash and Cash Equivalents at End of Year (Note 2)	<u>¥ 18,064</u>	<u>¥ 13,347</u>	<u>\$ 180,640</u>

The accompanying notes are an integral part of these statements.

## TAMURA CORPORATION AND 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 consolidated subsidiaries (the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by TAMURA CORPORATION (the "Company") as required by the Financial Instruments and Exchange Law of Japan.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥100=U.S.\$1, the approximate rate of exchange on March 31, 2008 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 the Company and, with the exception of entities which are not material, those of its 29 majority owned subsidiaries. All significant inter-company accounts and transactions have been eliminated on consolidation.

Effective from the year ended March 31, 2008, Tamura Power Technology Co., Ltd., Tamura Electronics (Shanghai) Co., Ltd. and Tamura Electronics (Thailand) Co., Ltd. have been included in consolidation because they have 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".

Accounting date of the foreign consolidated subsidiaries is December 31.

(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.

Effective for the year ended March 31, 2008, the Company and its domestic subsidiaries changed the depreciation method for the property, plant and equipment acquired on or after April 1, 2007 due to the revision of Japanese Corporation Tax Law.

As a result, operating income and income before income taxes for the year ended March 31, 2008 decreased by ¥51 million.

In addition owing to the revision of Japanese Corporation Tax Law, the Company and its domestic subsidiaries have distinctively processed the assets acquired on or before March 31, 2007. In conformity to the depreciation method ordained by the previous Japanese Corporation Tax Law, the differential between the amount of 5% of the acquisition cost and that of the memorandum value have been evenly amortized from the next consolidated fiscal year when the amount of the depreciation reaches 5% of the acquisition cost to the following fifth fiscal years. The figure is included in the item of depreciation cost.

As a result, operating income and income before income taxes for the year ended March 31, 2008 decreased by ¥67 million.

(g) Accrued bonuses

The Company and its domestic consolidated subsidiaries have provided the estimated amounts of bonus to employees.

The Company and its domestic consolidated subsidiaries have provided unpaid employees bonus as “Accrued bonuses” not including “Other current liabilities”. The amount of accrued bonuses was ¥1,146 million at March 31, 2007.

(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.

(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.

(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, 2008 and 2007 were as follows:

	Millions of yen		Thousands of
	2008	2007	U.S. dollars
Basic net income per share			2008
Total net income in consolidated statements of income	¥ 1,847	¥ 1,557	\$ 18,470
Value not attribute to common stock:	¥ —	¥ —	\$ —
Total net income attribute to common stock	¥ 1,847	¥ 1,557	\$ 18,470
Average number of shares outstanding during the year [thousands of shares]	74,580	74,626	74,580
Fully diluted net income per share			
Increase in common stock:			
Treasury stock for stock option by treasury stock acquisition method [thousands of shares]	—	—	—
Subscription right to shares [thousands of shares]	74	53	74

(o) Reclassifications

Certain reclassifications of the financial statements and related notes for the year ended March 31, 2007 have been made to conform to the presentation for the year ended March 31, 2008.

(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).

(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).

## 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
	2008	2007	U.S. dollars
			2008
Cash and bank deposits	¥ 18,379	¥ 13,474	\$ 183,790
Time deposits with deposit term of over 3 months	(315)	(127)	(3,150)
Cash and cash equivalents	<u>¥ 18,064</u>	<u>¥ 13,347</u>	<u>\$ 180,640</u>

## 3. Securities

At March 31, securities consisted of the following:

	Millions of yen		Thousands of
	2008	2007	U.S. dollars
			2008
Available-for-sale securities for which market quotations are available			
At cost	¥ 1,324	¥ 1,243	\$ 13,240
Fair value	1,842	2,863	18,420
Net	518	1,620	5,180
Available-for-sale securities without market quotations:			
Unlisted securities	165	80	1,650
Others	—	52	—
Total	<u>¥ 165</u>	<u>¥ 132</u>	<u>\$ 1,650</u>

#### 4. Inventories

At March 31, inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Merchandise	¥ 2,200	¥ 1,968	\$ 22,000
Finished goods	1,285	1,464	12,850
Work in process	2,447	2,432	24,470
Raw materials and supplies	6,170	6,347	61,700
Total	<u>¥ 12,102</u>	<u>¥ 12,211</u>	<u>\$ 121,020</u>

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

Short-term loans at March 31, 2008 and 2007 were principally bank overdrafts and short-term notes bearing interest at annual average interest rates of 4.66% and 4.28%, respectively.

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

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Long-term loans, principally from banks (*)	¥ 13,037	¥ 13,567	\$ 130,370
	13,037	13,567	130,370
Less: current portion	(960)	(430)	(9,600)
Total	<u>¥ 12,077</u>	<u>13,137</u>	<u>\$ 120,770</u>

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

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Long-term portion, at annual average rates of 1.70% (2007 - 1.65%)	¥ 12,077	¥ 13,137	\$ 120,770
Current portion, at annual average rates of 1.34% (2007 - 2.01%)	960	430	9,600
	<u>¥ 13,037</u>	<u>¥ 13,567</u>	<u>\$ 130,370</u>

The aggregate annual maturities of long-term debt at March 31, 2008 were as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2010	¥ 73	\$ 730
2011	4,000	40,000
2012	8,003	80,030

At March 31, 2008, the following assets were pledged as collateral for long-term debt:

	<u>Millions of yen</u>		<u>Thousands of U.S. dollars</u>	
Buildings and structures	¥	229	\$	2,290
Land		400		4,000

## 6. 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:

	<u>Millions of yen</u>		<u>Thousands U.S. dollars</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>
Projected benefit obligations	¥ 10,843	¥ 10,463	\$ 108,430
Plan assets	<u>6,791</u>	<u>8,264</u>	<u>67,910</u>
	4,052	2,199	40,520
Unrecognized prior service cost	(267)	(453)	(2,670)
Unrecognized actuarial differences	2,234	355	22,340
Prepaid pension cost	<u>(267)</u>	<u>(187)</u>	<u>(2,670)</u>
	<u>¥ 2,352</u>	<u>¥ 2,484</u>	<u>\$ 23,520</u>

Net pension expense related to retirement benefits for the years ended March 31, 2008 and 2007, were as follows:

	<u>Millions of yen</u>		<u>Thousands U.S. dollars</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>
Service cost	¥ 446	¥ 406	\$ 4,460
Interest cost	261	256	2,610
Expected return on plan assets	(250)	(246)	(2,500)
Recognition of net transition obligation expense	—	53	—
Amortization of prior service cost	(53)	(54)	(530)
Amortization of actuarial differences	144	163	1,440
Net pension expense	<u>¥ 548</u>	<u>¥ 578</u>	<u>\$ 5,480</u>

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

	<u>2008</u>	<u>2007</u>
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
Amortization of prior service cost	6-12 years	6-12 years
Amortization of actuarial differences	6-12 years	6-12 years

## 7. Shareholders' Equity

From May 1, 2006, Japanese companies are subject to the Japanese Corporate Law 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% 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 Corporate Law equals 25% 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 Japanese Corporate Law, Japanese 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, 2008, which was approved at the General Meeting of Shareholders held on June 27, 2008, is presented below:

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Appropriation for:		
Cash dividends	223	2,230

## 8. Treasury Stock

The Company repurchased treasury stock of 502,939 shares and 469,168 shares for the years ended March 31, 2008 and 2007, 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.

## 9. Selling, General and Administrative Expenses

For the year ended March 31, 2008 and 2007, the significant components of selling, general and administrative expenses were as follows:

	Millions of yen		Thousands of
	2008	2007	U.S. dollars
Salaries	¥ 5,339	¥ 5,013	\$ 53,390
Pension expense	368	350	3,680
Research and development expense	862	784	8,620
Freight	1,566	1,511	15,660
Addition to reserve for directors' bonus	122	70	1,220
Addition to accrued bonuses	706	-	7,060

## 10. Research and Development Expenses

Total research and development expenses included in manufacturing costs and selling, general and administrative expenses amounted to ¥862 million (\$8,620 thousand) in the year ended March 31, 2008 and ¥784 million in the year ended March 31, 2007.

## 11. Income Taxes

At March 31, 2008 and 2007, the significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands U.S. dollars
	2008	2007	2008
Deferred tax assets:			
Accrued bonuses	¥ 445	¥ 477	\$ 4,450
Accrued enterprise taxes	25	31	250
Reserve for retirement benefits	2,138	2,053	21,380
Unrealized earnings on assets	88	98	880
Tax loss carryforwards	1,021	1,125	10,210
Loss on valuation of investment securities	244	1,605	2,440
Loss on setting up trust for retirement benefits	147	146	1,470
Other	994	1,113	9,940
Total	5,102	6,648	51,020
Valuation allowance	(1,914)	(3,319)	(19,140)
Deferred tax assets	¥ 3,188	¥ 3,329	\$ 31,880
Deferred tax liabilities:			
Gain on setting up trust for retirement benefits	¥ 616	¥ 616	\$ 6,160
Unrealized gain on securities	102	470	1,020
Other	2	189	20
Total deferred tax liabilities	720	1,275	7,200
Net deferred tax assets	¥ 2,468	¥ 2,054	\$ 24,680

At March 31, 2008 and 2007, the reconciliation of the statutory income tax rate to the effective income tax rate is as follows:

	2008	2007
Statutory income tax rate	40.0 %	40.0 %
Increase (decrease) in taxes resulting from		
Permanent differences	1.6	2.2
Foreign income taxes	(1.5)	(15.1)
Other	2.1	18.6
Effective income tax rate	42.2 %	45.7 %

## 12. 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, 2008 and 2007 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Structures, machinery and equipment, and software			
Cost	¥ 2,589	¥ 2,136	\$ 25,890
Accumulated depreciation	1,428	1,068	14,280
Net amount	<u>¥ 1,161</u>	<u>¥ 1,068</u>	<u>\$ 11,610</u>

The following is a schedule of the future minimum lease payments under such lease contracts as of March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥ 515	¥ 445	\$ 5,150
Due after one year	664	641	6,640
	<u>¥ 1,179</u>	<u>¥ 1,086</u>	<u>\$ 11,790</u>

The total lease expense under finance leases for the years ended March 31, 2008 and 2007 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Lease rental expense	¥ 520	¥ 490	\$ 5,200
Depreciation cost	490	467	4,900
Interest expense	29	25	290

### 13. 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.

### 14. Contingent Liabilities

The Companies were contingently liable as guarantor of borrowings, principally for non-consolidated subsidiaries, in the amount of ¥165 million (\$1,650 thousand) at March 31, 2008 and ¥107 million at March 31, 2007.

### 15. Loan Commitment

In order to achieve more efficient and flexible financing, the Company has concluded loan commitment contracts with five of our financial institutions. Furthermore, on March 24, 2008, in order to have funds for the take over bit of KOHA Co., Ltd (code: 6876 JASDAQ Securities Exchange) the Company signed overdraft contracts and loan commitment contracts with two of our financial

institutions.

The status of these at the term end is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Maximum overdraft amount and total amount of loan commitment	¥ 7,500	¥ 2,500	\$ 75,000
Executed loan amounts	—	—	—
Net amount	¥ 7,500	¥ 2,500	\$ 75,000

## 16. Stock Options

(a) Amount of stock options to be expensed for the year ended March 31, 2008 and 2007.

	Millions of yen		U.S. dollars
	2008	2007	2008
Selling, general and administrative expenses	¥ 19	¥ 13	\$ 190

(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	TAMURA CORPORATION The 4th Stock Option Plan June 28, 2007
Title and number of grantees	Directors 6 (Exclude outside director) Executive officer 9	Directors 6 (Exclude outside director) Executive officer 6	Directors 6 (Exclude outside director) Executive officer 7
Number of stock options	Common shares 35,000	Common shares 28,000	Common shares 30,000
Grant date	July 1, 2005	July 1, 2006	July 1, 2007
Condition for vesting	Retirement of director and executive officer	Retirement of director and executive officer	Retirement of director and executive officer
Requisite service period	N.A.	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	July 1, 2007 to June 30, 2037

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, 2008 are summarized after converted to shares of stocks.

Number of stock options		(Shares)		
Date of resolution	TAMURA CORPORATION The 2nd Stock Option Plan June 29, 2005	TAMURA CORPORATION The 3rd Stock Option Plan June 29, 2006	TAMURA CORPORATION The 4th Stock Option Plan June 28, 2007	
Before vested				
Previous fiscal year-end	30,000	28,000	-	
Granted	-	-	30,000	
Forfeited	-	-	-	
Vested	5,000	4,000	-	
Outstanding	25,000	24,000	30,000	
After vested				
Previous fiscal year-end	-	-	-	
Vested	5,000	4,000	-	
Exercised	5,000	4,000	-	
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	TAMURA CORPORATION The 4th Stock Option Plan June 28, 2007	
Exercise price	1	1	1	
Average stock price at exercise	594	594	-	
Fair value at the grant date	-	464	653	

- (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.

TAMURA CORPORATION the 4th plan stock options granted in the fiscal year were valued 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 4th Stock Option Plan June 28, 2007
Expected volatility(*1)	27%
Average expected life(*2)	10 years
Expected dividends(*3)	6 yen per share
Risk-free interest rate(*4)	1.80%

- (\*)1. Calculated based on the actual stock prices during the 15 months from April 2006 to June 2007.
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 exercise period.
3. The actual dividends on common stock for the fiscal year ended March 31, 2007.
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.

## 17. Segment Information

(a) Industry segments:

The operations of the Companies for the years ended March 31, 2008 and 2007 are summarized by business group as follows:

Year ended March 31, 2008							
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	¥ 52,523	¥ 31,952	¥ 6,477	¥ 27	¥ -	¥ 90,979	
Inter-segment	-	33	-	579	(612)	-	
	<u>52,523</u>	<u>31,985</u>	<u>6,477</u>	<u>606</u>	<u>(612)</u>	<u>90,979</u>	
Operating costs and expenses	<u>51,277</u>	<u>27,940</u>	<u>5,569</u>	<u>599</u>	<u>1,053</u>	<u>86,438</u>	
Operating income	<u>¥ 1,246</u>	<u>¥ 4,045</u>	<u>¥ 908</u>	<u>¥ 7</u>	<u>¥ (1,665)</u>	<u>¥ 4,541</u>	
Identifiable assets	¥ 35,749	¥ 33,447	¥ 3,313	¥ 423	¥ 11,124	¥ 84,056	
Depreciation and amortization	¥ 1,201	¥ 847	¥ 145	¥ 3	¥ 109	¥ 2,305	
Capital expenditures	¥ 1,354	¥ 331	¥ 62	¥ 11	¥ 250	¥ 2,008	

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, 2008						
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	\$ 525,230	\$ 319,520	\$ 64,770	\$ 270	\$ —	\$ 909,790
Inter-segment	—	330	—	5,790	(6,120)	—
	<u>525,230</u>	<u>319,850</u>	<u>64,770</u>	<u>6,060</u>	<u>(6,120)</u>	<u>909,790</u>
Operating costs and expenses	<u>512,770</u>	<u>279,400</u>	<u>55,690</u>	<u>5,990</u>	<u>10,530</u>	<u>864,380</u>
Operating income	<u>\$ 12,460</u>	<u>\$ 40,450</u>	<u>\$ 9,080</u>	<u>\$ 70</u>	<u>\$ (16,650)</u>	<u>\$ 45,410</u>
Identifiable assets	\$ 357,490	\$ 334,470	\$ 33,130	\$ 4,230	\$ 111,240	\$ 840,560
Depreciation and amortization	\$ 12,010	\$ 8,470	\$ 1,450	\$ 30	\$ 1,090	\$ 23,050
Capital expenditures	\$ 13,540	\$ 3,310	\$ 620	\$ 110	\$ 2,500	\$ 20,080

(b) Geographic segments:

The operations of the Companies for the years ended March 31, 2008 and 2007 are summarized by geographic segment as follows:

Year ended March 31, 2008						
Millions of yen						
	Japan	Asia	Europe	North and South America	Corporate and Eliminations	Consoli-dated
Sales and operating revenue						
Sales-						
Customers	¥ 43,136	¥ 35,743	¥ 8,689	¥ 3,411	¥ —	¥ 90,979
Inter-segment	6,845	11,235	144	16	(18,240)	—
	<u>49,981</u>	<u>46,978</u>	<u>8,833</u>	<u>3,427</u>	<u>(18,240)</u>	<u>90,979</u>
Operating costs and expenses	<u>46,981</u>	<u>44,020</u>	<u>8,526</u>	<u>3,555</u>	<u>(16,644)</u>	<u>86,438</u>
Operating income (loss)	<u>¥ 3,000</u>	<u>¥ 2,958</u>	<u>¥ 307</u>	<u>¥ (128)</u>	<u>¥ (1,596)</u>	<u>¥ 4,541</u>
Identifiable assets	¥ 51,224	¥ 31,265	¥ 3,525	¥ 1,528	¥ (3,486)	¥ 84,056

Year ended March 31, 2007						
Millions of yen						
	Japan	Asia	Europe	North and South America	Corporate and Eliminations	Consoli- dated
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	<u>¥ 3,488</u>	<u>¥ 2,203</u>	<u>¥ 32</u>	<u>¥ 19</u>	<u>¥ (1,518)</u>	<u>¥ 4,224</u>
Identifiable assets	¥ 52,542	¥ 31,860	¥ 2,960	¥ 1,646	¥ (5,808)	¥ 83,200

Year ended March 31, 2008						
Thousands of U.S. dollars						
	Japan	Asia	Europe	North and South America	Corporate and Eliminations	Consoli- dated
Sales and operating revenue						
Sales-						
Customers	\$ 431,360	\$ 357,430	\$ 86,890	\$ 34,110	\$ —	\$ 909,790
Inter-segment	68,450	112,350	1,440	160	(182,400)	—
	499,810	469,780	88,330	34,270	(182,400)	909,790
Operating costs and expenses	469,810	440,200	85,260	35,550	(166,440)	864,380
Operating income (loss)	<u>\$ 30,000</u>	<u>\$ 29,580</u>	<u>\$ 3,070</u>	<u>\$ (1,280)</u>	<u>\$ (15,960)</u>	<u>\$ 45,410</u>
Identifiable assets	\$ 512,240	\$ 312,650	\$ 35,250	\$ 15,280	\$ (34,860)	\$ 840,560

Total exports by domestic operations and sales by overseas branches and subsidiaries for the years ended March 31, 2008 and 2007, were as follows:

	Year ended March 31, 2008				
	Millions of yen				
	Asia	Europe	North and South America	Other	Total
Export sales	¥ 41,083	¥ 7,941	¥ 4,553	¥ 0	¥ 53,577
Total sales					90,979
Export sales as percentage of total sales	45.2%	8.7%	5.0%	0.0%	58.9%

	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, 2008				
	Thousands of U.S. dollars				
	Asia	Europe	North and South America	Other	Total
Export sales	\$ 410,830	\$ 79,410	\$ 45,530	\$ 0	\$ 535,770
Total sales					909,790
Export sales as percentage of total sales	45.2%	8.7%	5.0%	0.0%	58.9%

## 18. Subsequent Events

### (a) Take over bid to KOHA Co., Ltd.

At the board of directors meeting held on March 25, 2008, the Company resolved a tender offer to acquire the entire issued share capital of KOHA Co., Ltd. (code:6876 JASDAQ Securities Exchange). It was launched on March 26, 2008 and closed on April 30, 2008.

As a result, the entity becomes a subsidiary of the Company.

#### (1) Objectives

Under new mid-term business plan called “T’s POWER!,” the Company strengthens electronic components business. In particular, it regards LED business as “Challenge Item,” which can contribute to the future growth and profit, and searches for various means for the growth of the business including M&A. In order to realize the plan, the Company discussed a cooperation plan with the entity, technological and product development capabilities of which are highly appreciated in the product markets. The Company eventually reached a conclusion that the alliance with the entity reinforced the foundation of the business and increased the corporate value, and resolved to shift the entity to a consolidated subsidiary.

(2) Entity to Be Purchased

Trade name	KOHA Co., Ltd.
Location	Nerima-ku, Tokyo
Operations	Manufacturing and distribution of vending machine related products, LED related products, and optical technology applied products such as traffic signal related products
Capital	¥ 3,331,726 thousand (as of December 31,2007)

(3) Period of the Tender Offer

From March 26 to April 30, 2008 (for 25 business days)

(4) Proposed Purchase Prices of Shares under the Tender Offer

Shares of KOHA Co., Ltd: ¥1,200 per share

(5) Cash Needed for the Purchase

¥ 4,319 million

(6) Result of the tender offer

①Number of the shares

(Shares)

Category of Shares	Number of the Buy-in
Share Certificate	3,599,400
Share Warrant	-
Convertible Bond	-
Depositary Shares	-
Total	3,599,400

②Ownership percentage of the shares

Number of Voting Shares after Tender Offer	36,004 (52.21%)
Number of Voting Shares of Total Equity Holders of the Entity(as of March 31, 2008)	66,925

※Note 1: “Number of Voting Shares of Total Equity Holders of the Entity” is what was listed in “The Notice about the Change of the Largest Share Holder, Parent Company, and Top Shareholder” which was submitted to JASDAQ on May 1,2008. On the other hand, in calculating the percentage of the voting shares after the tender offer, the voting shares of the entities treasury stock, the number of which is 2,040, are added to the voting shares of total equity holders. As a consequence, the latter number 68,965 in the calculation.

※Note 2 : the percentage is rounded to the nearest hundredth

(7) Means of finance

Loan from Financial Institutions

(b) Purchase of Treasury Stock

At the board of directors meeting held on May 23, 2008, the Company resolved a purchase of treasury stock in accordance with Article 156 applied by reading of terms pursuant to the provisions of Article 165(3) of the Japanese Corporate Law. The details were as follows:

(1) Contents of the board meeting resolution of purchase of treasury stock

- ① Objectives:  
Realization of flexible capital policy to respond to change in such as managerial environments and improvement of capital efficiency
- ② Class of shares to be purchased:  
Common stock
- ③ Numbers of shares to be purchased:  
5,000,000 shares (at maximum)
- ④ Period for treasury stock purchase:  
From May 26, 2008 to September 12, 2008
- ⑤ Acquisition cost:  
¥ 2,500 million (at maximum)
- ⑥ Method of purchase:  
From Tokyo Stock Exchange