

**CONSOLIDATED FINANCIAL STATEMENTS
TAMURA CORPORATION
AS OF MARCH 31, 2009 AND 2008**

Report of Independent Auditors

The Board of Directors
TAMURA CORPORATION

We have audited the accompanying consolidated balance sheets of TAMURA CORPORATION and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in net assets, and cash flows for the years 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 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 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 audits provide 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, 2009 and 2008, 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(e), effective for the year ended March 31, 2009, TAMURA CORPORATION and its consolidated subsidiaries have adopted the Accounting Standard for Measurement of Inventories.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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 LLC

June 26, 2009

TAMURA CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	Millions of yen		Thousands U.S. dollars (Note 1(a))
	March 31,		March 31,
	2009	2008	2009
ASSETS			
Current Assets:			
Cash and bank deposits (Note 2)	¥ 18,036	¥ 18,379	\$ 184,041
Notes and accounts receivable-trade			
Non-consolidated subsidiaries and affiliates	487	1,595	4,969
Other	17,243	24,422	175,948
Allowance for doubtful accounts	(401)	(390)	(4,091)
	<u>17,329</u>	<u>25,627</u>	<u>176,826</u>
Inventories (Note 4)	10,870	12,102	110,918
Deferred tax assets (Note 11)	897	854	9,153
Other current assets	3,217	2,378	32,827
Total current assets	<u>50,349</u>	<u>59,340</u>	<u>513,765</u>
Investments and Other Assets:			
Securities in the non-current portfolio (Note 3)	1,353	2,014	13,806
Investments in non-consolidated subsidiaries and affiliates	590	1,215	6,020
Deferred tax assets (Note 11)	1,350	1,618	13,776
Other assets	2,717	2,646	27,724
Total investments and other assets	<u>6,010</u>	<u>7,493</u>	<u>61,326</u>
Property, Plant and Equipment:			
Land (Note 5)	6,436	6,170	65,673
Buildings and structures	15,962	15,305	162,878
Machinery and equipment	22,774	23,003	232,388
Lease assets	1,070	—	10,918
Construction in progress	111	10	1,133
	<u>46,353</u>	<u>44,488</u>	<u>472,990</u>
Accumulated depreciation	(27,613)	(27,265)	(281,765)
Net property, plant and equipment	<u>18,740</u>	<u>17,223</u>	<u>191,225</u>
Total assets	<u>¥ 75,099</u>	<u>¥ 84,056</u>	<u>\$ 766,316</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,
	2009	2008	2009
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term loans (Note 5)	¥ 3,708	¥ 3,734	\$ 37,837
Current portion of long-term debt (Note 5)	253	960	2,582
Lease obligations (Note 5)	212	—	2,163
Notes and accounts payable-trade			
Non-consolidated subsidiaries and affiliates	236	903	2,408
Other	11,386	14,887	116,184
	<u>11,622</u>	<u>15,790</u>	<u>118,592</u>
Income tax payable	434	390	4,429
Accrued bonuses	838	1,068	8,551
Accrued bonuses for directors	29	102	296
Other current liabilities (Note 11)	4,001	5,398	40,825
Total current liabilities	<u>21,097</u>	<u>27,442</u>	<u>215,275</u>
Long-term Debt (Note 5)	17,460	12,077	178,164
Lease obligations (Note 5)	1,148	—	11,714
Reserve for Retirement Benefits (Note 6)	2,428	2,352	24,776
Deferred Tax Liabilities (Note 11)	2	1	20
Other Long-term Liabilities	800	645	8,163
Commitments and Contingent Liabilities (Notes 12 and 14)			
Net Assets			
Shareholders' Equity (Note 7)			
Common stock:	11,829	11,829	120,704
Authorized - 252,000,000 shares			
Issued and outstanding - 75,067,736 shares			
Additional paid-in capital	15,337	15,337	156,500
Retained earnings	6,495	14,624	66,276
Treasury stock, at cost (Note 8)	<u>(2,361)</u>	<u>(203)</u>	<u>(24,092)</u>
Total shareholders' equity	<u>31,300</u>	<u>41,587</u>	<u>319,388</u>
Revaluation and Translation Adjustments			
Unrealized gain (loss) on securities	(303)	412	(3,092)
Deferred loss on hedges	(106)	(159)	(1,081)
Translation adjustments	<u>(2,403)</u>	<u>(541)</u>	<u>(24,520)</u>
Total revaluation and translation adjustments	<u>(2,812)</u>	<u>(288)</u>	<u>(28,693)</u>
Subscription Rights to Shares	46	31	469
Minority Interests	<u>3,630</u>	<u>209</u>	<u>37,040</u>
Total net assets	<u>32,164</u>	<u>41,539</u>	<u>328,204</u>
Total liabilities and net assets	<u>¥ 75,099</u>	<u>¥ 84,056</u>	<u>\$ 766,316</u>

The accompanying notes are an integral part of these statements.

TAMURA CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Millions of yen		Thousands U.S. dollars (Note 1(a))
	March 31,		March 31,
	2009	2008	2009
Net Sales	¥ 77,507	¥ 90,979	\$ 790,887
Operating Cost and Expenses:			
Cost of sales (Note 10)	60,630	69,147	618,673
Selling, general and administrative expenses (Notes 9 and 10)	18,186	17,291	185,571
	<u>78,816</u>	<u>86,438</u>	<u>804,244</u>
Operating income (loss)	(1,309)	4,541	(13,357)
Other Income (Expenses):			
Interest and dividend income	170	249	1,734
Interest expense	(428)	(433)	(4,367)
Foreign exchange loss	(805)	(441)	(8,214)
Loss on impairment of fixed assets (Note 16)	(586)	—	(5,979)
Loss on valuation of inventories	(821)	—	(8,377)
Loss on sales of stocks of subsidiaries and affiliates	(854)	—	(8,714)
Special retirement expenses	(388)	—	(3,959)
Other income	357	462	3,642
Other expenses	(1,370)	(1,147)	(13,980)
	<u>(4,725)</u>	<u>(1,310)</u>	<u>(48,214)</u>
Income (loss) before income taxes and minority interests	(6,034)	3,231	(61,571)
Income Taxes (Note 11)			
Current	302	1,047	3,081
Prior years' adjustment	459	60	4,684
Deferred	829	255	8,459
Minority Interests	(118)	22	(1,204)
Net income (loss)	<u>¥ (7,506)</u>	<u>¥ 1,847</u>	<u>\$ (76,591)</u>
	<u>Yen</u>		<u>U.S. dollars</u>
Per Share:			
Basic net income (loss)	¥ (105.67)	¥ 24.77	\$ (1.07)
Fully diluted net income	—	24.75	—
Cash dividends per share	3.00	6.00	0.03

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					Treasury stock (Note 8)	Total shareholders' equity
		Common stock	Additional paid-in capital	Retained earnings				
Balance at March 31, 2008	75,067,736	¥ 11,829	¥ 15,337	¥ 14,624	¥ (203)		¥ 41,587	
Effect of changes in accounting policies applied to foreign subsidiaries					(36)		(36)	
Dividends from surplus					(432)		(432)	
Net loss					(7,506)		(7,506)	
Acquisition of treasury stock						(2,160)	(2,160)	
Sale of treasury stock			(0)			2	2	
Other					(155)		(155)	
Items other than changes in shareholders' equity								
Balance at March 31, 2009	<u>75,067,736</u>	<u>¥ 11,829</u>	<u>¥ 15,337</u>	<u>¥ 6,495</u>	<u>¥ (2,361)</u>		<u>¥ 31,300</u>	

	Millions of yen							
	Revaluation and translation adjustments							Total net assets
	Unrealized gain (loss) on securities	Deferred loss on hedges	Translation adjust- ments	Total revaluation and translation adjustments	Subscription rights to shares	Minority interests		
Balance at March 31, 2008	¥ 412	¥ (159)	¥ (541)	¥ (288)	¥ 31	¥ 209	¥ 41,539	
Effect of changes in accounting policies applied to foreign subsidiaries							(36)	
Dividends from surplus							(432)	
Net loss							(7,506)	
Acquisition of treasury stock							(2,160)	
Sale of treasury stock							2	
Other			(41)	(41)		3,785	3,589	
Items other than changes in shareholders' equity	(715)	53	(1,821)	(2,483)	15	(364)	(2,832)	
Balance at March 31, 2009	<u>¥ (303)</u>	<u>¥ (106)</u>	<u>¥ (2,403)</u>	<u>¥ (2,812)</u>	<u>¥ 46</u>	<u>¥ 3,630</u>	<u>¥ 32,164</u>	

	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						
	Unrealized gain on securities	Deferred gain (loss) on hedges	Translation adjust- ments	Total revaluation and translation adjustments	Subscription rights to shares	Minority interests	Total net assets
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>

	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 8)	Total shareholders' equity
Balance at March 31, 2008	75,067,736	\$ 120,704	\$ 156,500	\$ 149,224	\$ (2,071)	\$ 424,357
Effect of changes in accounting policies applied to foreign subsidiaries				(367)		(367)
Dividends from surplus				(4,408)		(4,408)
Net loss				(76,591)		(76,591)
Acquisition of treasury stock					(22,041)	(22,041)
Sale of treasury stock			(0)		20	20
Other				(1,582)		(1,582)
Items other than changes in shareholders' equity						
Balance at March 31, 2009	<u>75,067,736</u>	<u>\$ 120,704</u>	<u>\$ 156,500</u>	<u>\$ 66,276</u>	<u>\$ (24,092)</u>	<u>\$ 319,388</u>

	Thousands of U.S. dollars (Note 1(a))						
	Revaluation and translation adjustments						
	Unrealized gain (loss) on securities	Deferred loss on hedges	Translation adjust- ments	Total revaluation and translation adjustments	Subscription rights to shares	Minority interests	Total net assets
Balance at March 31, 2008	\$ 4,204	\$ (1,622)	\$ (5,520)	\$ (2,938)	\$ 316	\$ 2,132	\$ 423,867
Effect of changes in accounting policies applied to foreign subsidiaries							(367)
Dividends from surplus							(4,408)
Net loss							(76,591)
Acquisition of treasury stock							(22,041)
Sale of treasury stock							20
Other			(418)	(418)		38,622	36,622
Items other than changes in shareholders' equity	(7,296)	541	(18,582)	(25,337)	153	(3,714)	(28,898)
Balance at March 31, 2009	<u>\$ (3,092)</u>	<u>\$ (1,081)</u>	<u>\$ (24,520)</u>	<u>\$ (28,693)</u>	<u>\$ 469</u>	<u>\$ 37,040</u>	<u>\$ 328,204</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,
	2009	2008	2009
Cash Flows from Operating Activities:			
Income (loss) before income taxes	¥ (6,034)	¥ 3,231	\$ (61,571)
Depreciation	2,890	2,305	29,489
Loss on impairment of fixed assets	586	—	5,979
Decrease in reserve for retirement benefits	(54)	(32)	(551)
(Increase) decrease in prepaid pension cost	15	(79)	153
Increase in allowance for doubtful accounts	42	149	428
Loss on sales of investment securities	908	—	9,265
Write-down of investment securities	123	3	1,255
Interest and dividend income	(170)	(249)	(1,734)
Interest expense	428	433	4,367
Foreign exchange (gain) loss	303	(294)	3,091
Increase (decrease) in accrued bonuses	(327)	1,068	(3,336)
Increase (decrease) in accrued bonuses for directors	(73)	31	(744)
(Increase) decrease in trade receivable	7,836	(78)	79,959
Decrease in inventories	1,114	546	11,367
Increase (decrease) in trade payable	(3,850)	623	(39,285)
Other, net	(161)	(104)	(1,643)
	<u>3,576</u>	<u>7,553</u>	<u>36,489</u>
Interest and dividend received	143	265	1,459
Interest paid	(402)	(434)	(4,102)
Income taxes paid	(842)	(809)	(8,591)
Income taxes paid for prior year	—	(60)	—
Net cash provided by operating activities	<u>2,475</u>	<u>6,515</u>	<u>25,255</u>
Cash Flows from Investing Activities:			
Purchase of tangible fixed assets	(2,405)	(1,818)	(24,540)
Proceeds from sale of tangible fixed assets	9	94	91
Purchase of investments in securities	(106)	(349)	(1,081)
Increase in loans receivable	(146)	(16)	(1,489)
Proceeds from sale of investments in securities	8	1,228	81
Purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 2)	(2,426)	—	(24,755)
Other, net	98	(213)	1,000
Net cash used in investing activities	<u>(4,968)</u>	<u>(1,074)</u>	<u>(50,693)</u>
Cash Flows from Financing Activities:			
Increase (Decrease) in short-term loans	1,571	(825)	16,030
Proceeds from long-term debt	5,605	—	57,193
Repayment of long-term debt	(930)	(550)	(9,489)
Repayments of lease obligations	(75)	—	(765)
Purchase of treasury stock	(2,160)	(25)	(22,041)
Proceeds from sales of treasury stock	0	0	0
Cash dividends paid	(543)	(457)	(5,541)
Net cash provided by (used in) financial activities	<u>3,468</u>	<u>(1,857)</u>	<u>35,387</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents			
	(944)	336	(9,633)
Net Increase in Cash and Cash Equivalents	<u>31</u>	<u>3,920</u>	<u>316</u>
Cash and Cash Equivalents at Beginning of Year	18,064	13,347	184,326
Increase in cash and cash equivalents resulting from inclusion in consolidation	112	797	1,143
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(300)	—	(3,061)
Cash and Cash Equivalents at End of Year (Note 2)	<u>¥ 17,907</u>	<u>¥ 18,064</u>	<u>\$ 182,724</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 (the “Company”) and consolidated subsidiaries (collectively, 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 the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Local Finance Bureau in Japan as required by the Financial Instruments and Exchange Law of 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 ¥98=U.S.\$1, the approximate rate of exchange on March 31, 2009 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 36 majority owned subsidiaries. All significant inter-company accounts and transactions have been eliminated on consolidation.

Effective from the year ended March 31, 2009, Koha Co., Ltd., Op-Seed Tsunan Co., Ltd. and Op-Seed Co., (BD) Ltd. have been included in consolidation because the Company acquired the entire issued share capital of Koha Co., Ltd. Further Anzen Dengu (H.K.) Co., Ltd., Anzen Dengu (Hui Zhou) Co., Ltd., Tamura Kaken (M) Sdn. Bhd., Tamura Kaken Corp., U.S.A. and Tamura Kaken Tech Co., Ltd. have been included in consolidation because they had a material influence on consolidated results and Tamura Kaken Tech Co., Ltd. was newly established. Effective from the year ended March 31, 2009, Ta Fong Electro Chemical Industry Co., Ltd. has been excluded from consolidation because the Company sold the entire share.

Investments in non-consolidated subsidiaries and affiliates are carried at cost since their total assets, net sales and the Company’s interests 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 Note 1(c)(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

Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred as a component of net assets.

The derivatives designated as hedging instruments by the Companies are principally commodity futures contracts, forward exchange contracts and interest rate swaps. The underlying hedged items are forecast purchasing transactions for raw materials, trade accounts payable denominated in foreign currencies, forecast transactions denominated in foreign currencies 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, Electro-chemical materials business, Information/Communication equipment business—Mainly periodic average method (Inventories with lower profitability are written down)

Soldering systems business—Specific identification method (Inventories with lower profitability are written down)

Merchandise and raw materials—Mainly periodic average method (Inventories with lower profitability are written down)

Supplies—Mainly last purchase price method (Inventories with lower profitability are written down)

Effective for the year ended March 31, 2009, the Companies adopted “Accounting for Measurement of Inventories” (Statement No.9 issued by the Accounting Standards Board of Japan (the “ASBJ”) on July 5, 2006).

As a result, operating loss for the year ended March 31, 2009 increased by ¥269 million (\$2,744 thousand) and loss before income taxes and minority interests for the year ended March 31, 2009 increased by ¥1,091 million (\$11,132 thousand).

Inventories are stated at cost, the cost of finished goods and work-in-process being principally determined by the retail method and cost of other inventories being determined by the last purchase price method in the year ended March 31, 2008 at Tamura Kaken Corp., which is a consolidated subsidiary.

Effective for the year ended March 31, 2009, Tamura Kaken Corp., which is responsible for Electro-chemical materials business, has changed their method of valuing inventories to being stated at cost determined by the periodic average method.

As a result of this change, operating loss and loss before income taxes and minority interests have increased by ¥24 million (\$244 thousand) for the year ended March 31, 2009.

(f) Property, plant and equipment, and depreciation (excluding lease assets)

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, 2009, the Company and its domestic consolidated subsidiaries have changed the useful lives of machinery and equipment from 7 to 12 years to 5 to 10 years.
The change was due to the re-estimation of useful lives in accordance with the change of the Japanese Corporation Tax Law.
As a result, operating loss and loss before income taxes and minority interests for the year ended March 31, 2009 increased by ¥95 million (\$969 thousand).

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.

(h) Reserve for directors' bonus

The Company and its domestic consolidated subsidiaries have provided the estimated amounts of directors' bonus be provided as a reserve for directors' bonus.
At 31 March 2009, no amount was accrued since bonus to directors of the Company for the year ended 31 March 2009 was not planned to be paid.

(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 1 to 12 years and 6 to 12 years from the year in which they arise for the years ended March 31, 2009 and 2008, respectively. The unrecognized actuarial differences are amortized on a straight-line basis over a period of 5 to 12 years and 6 to 12 years from the year following the year in which they arise for the years ended March 31, 2009 and 2008, respectively.

(j) Amortization of goodwill

Goodwill is amortized over 10 years.

(k) 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.

(l) 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 operations 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.

The balance sheet accounts, revenue accounts and expense accounts of the foreign consolidated subsidiaries are translated into yen at the rate of exchange in effect at the balance sheet date. Differences arising from the translation are presented as translation adjustments and minority interests in its consolidated financial statements.

(m) Net income (loss) per share

Basic net income (loss) 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 (loss) per share and fully diluted net income per share for the year ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of
	2009	2008	U.S. dollars
Basic net income (loss) per share			2009
Total net income (loss) in consolidated statements of operations	¥ (7,506)	¥ 1,847	\$ (76,591)
Value not attribute to common stock:	¥ —	¥ —	\$ —
Total net income (loss) attribute to common stock	¥ (7,506)	¥ 1,847	\$ (76,591)
Average number of shares outstanding during the year [thousands of shares]	71,039	74,580	71,039
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	—

(n) Reclassifications

Certain reclassifications of the financial statements and related notes for the year ended March 31, 2008 have been made to conform to the presentation for the year ended March 31, 2009.

(o) Accounting standard for lease transaction

Until March 31, 2008, noncancelable leases of the Company and its domestic consolidated subsidiaries were accounted for as operating leases (whether such leases were classified as operating or finance leases) except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases. Effective for the fiscal year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted a revised accounting standard for leases and related implementation guidance. In accordance with the revised standard, lease transactions which have been entered into on and after April 1, 2008 and do not stipulate the transfer of ownership of the leased assets to the lessee have been accounted for as either finance or operating leases.

The effect of this change was immaterial to the consolidated financial statements for the year ended March 31, 2009.

(p) Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

Effective for the year ended March 31, 2009, the Company adopted “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Solution No.18 issued by ASBJ on May 17, 2006).

Accordingly, some revisions are made to the consolidated accounts as necessary. As a result, operating loss and loss before income taxes and minority interests for the year ended March 31, 2009 increased by ¥62 million (\$632 thousand) and retained earnings at the beginning of the year decreased by ¥36 million (\$367 thousand) respectively.

2. Supplementary Cash Flow Information

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 U.S. dollars
	2009	2008	2009
Cash and bank deposits	¥ 18,036	¥ 18,379	\$ 184,041
Time deposits with deposit term of over 3 months	(129)	(315)	(1,317)
Cash and cash equivalents	<u>¥ 17,907</u>	<u>¥ 18,064</u>	<u>\$ 182,724</u>

At March 31, the significant components of consolidated assets and consolidated liabilities by acquisition of Koha Co., Ltd. and its subsidiaries and the reconciliation between acquisition cost for stocks of Koha Co., Ltd. and expense for acquisition of Koha Co., Ltd. are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009		2009
Current assets	¥ 7,329		\$ 74,785
Property, plant and equipment	4,094		41,775
Goodwill	185		1,887
Current liabilities	(2,884)		(29,428)
Long-term liabilities	(684)		(6,979)
Minority interests	(3,786)		(38,632)
Treasury stock	244		2,489
Acquisition cost for stocks of Koha Co., Ltd	4,498		45,897
Cash and cash equivalents of Koha Co., Ltd and its subsidiaries	(2,072)		(21,142)
Expense for acquisition of Koha Co., Ltd	<u>¥ 2,426</u>		<u>\$ 24,755</u>

3. Securities

At March 31, securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Available-for-sale securities for which market quotations are available			
At cost	¥ 1,435	¥ 1,324	\$ 14,642
Fair value	1,171	1,842	11,948
Net	<u>¥ (264)</u>	<u>¥ 518</u>	<u>\$ (2,694)</u>
	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Available-for-sale securities without market quotations:			
Unlisted securities	¥ 182	¥ 165	\$ 1,858
Total	<u>¥ 182</u>	<u>¥ 165</u>	<u>\$ 1,858</u>

4. Inventories

At March 31, inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Merchandise	¥ 1,959	¥ 2,200	\$ 19,989
Finished goods	2,129	1,285	21,724
Work in process	1,480	2,447	15,103
Raw materials and supplies	5,302	6,170	54,102
Total	<u>¥ 10,870</u>	<u>¥ 12,102</u>	<u>\$ 110,918</u>

5. Short-term Loans and Long-term Debt

Short-term loans at March 31, 2009 and 2008 were principally bank overdrafts and short-term notes bearing interest at annual average interest rates of 2.90% and 4.66%, respectively.

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

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Long-term loans, principally from banks (*)	¥ 17,713	¥ 13,037	\$ 180,746
Lease obligations	1,360	—	13,877
	19,073	13,037	194,623
Less: current portion - Long-term loans	(253)	(960)	(2,582)
Less: current portion - Lease obligations	(212)	—	(2,163)
Total	¥ 18,608	¥ 12,077	\$ 189,878

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

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Long-term portion, at annual average rates of 1.64% (2008 - 1.70%)	¥ 17,460	¥ 12,077	\$ 178,164
Lease obligations, at annual average rates of 2.31%	1,148	—	11,714
Current portion - Long-term loans, at annual average rates of 1.21% (2008 - 1.34%)	253	960	2,582
Current portion - Lease obligations, at annual average rates of 2.33%	212	—	2,163
	¥ 19,073	¥ 13,037	\$ 194,623

The aggregate annual maturities of long-term debt at March 31, 2009 were as follows:

Year ending March 31,	Millions of yen		Thousands of U.S. dollars	
	Long-term loans	Lease obligations	Long-term loans	Lease obligations
2011	¥ 4,000	¥ 219	\$ 40,816	\$ 2,234
2012	8,528	228	87,020	2,326
2013	—	237	—	2,418
2014	4,931	167	50,316	1,704

At March 31, 2009, the following assets were pledged as collateral for long-term debt:

	Millions of yen	Thousands of U.S. dollars
Land	¥ 2	\$ 20

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.

Koha Co., Ltd. and Op-Seed Tsunan Co., Ltd. also have defined benefit retirement plans covering substantially all employees. Benefits under the plans are covered by three plans. One is employee's pension fund, second is governed by the regulations of the Defined Benefit Corporate Pension Law and the end 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
	2009	2008	2009
Projected benefit obligations	¥ 10,563	¥ 10,843	\$ 107,785
Plan assets	5,009	6,791	51,112
	5,554	4,052	56,673
Unrecognized prior service cost	(271)	(267)	(2,765)
Unrecognized actuarial differences	3,669	2,234	37,438
Prepaid pension cost	(272)	(267)	(2,776)
	<u>¥ 2,428</u>	<u>¥ 2,352</u>	<u>\$ 24,776</u>

Net pension expense related to retirement benefits for the years ended March 31, 2009 and 2008, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Service cost	¥ 494	¥ 446	\$ 5,041
Interest cost	244	261	2,490
Expected return on plan assets	(189)	(250)	(1,929)
Amortization of prior service cost	(63)	(53)	(643)
Amortization of actuarial differences	361	144	3,684
Net pension expense	<u>¥ 847</u>	<u>¥ 548</u>	<u>\$ 8,643</u>

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

	2009	2008
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 prior service cost	1-12 years	6-12 years
Amortization of actuarial differences	5-12 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.

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.

8. Treasury Stock

The Company has treasury stock of 5,558 thousand shares and 502 thousand shares for the years ended March 31, 2009 and 2008, 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, 2009 and 2008, the significant components of selling, general and administrative expenses were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	
Salaries	¥ 5,742	¥ 5,339	\$ 58,592	
Pension expense	603	368	6,153	
Research and development expense	837	862	8,541	
Freight	1,309	1,566	13,357	
Addition to reserve for directors' bonus	26	122	265	
Addition to accrued bonuses	532	706	5,429	

10. Research and Development Expenses

Total research and development expenses included in manufacturing costs and selling, general and administrative expenses amounted to ¥837 million (\$8,541 thousand) in the year ended March 31, 2009 and ¥862 million in the year ended March 31, 2008.

11. Income Taxes

At March 31, 2009 and 2008, the significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Accrued bonuses	¥ 339	¥ 445	\$ 3,459
Accrued enterprise taxes	8	25	81
Reserve for retirement benefits	1,796	2,138	18,327
Unrealized earnings on assets	—	88	—
Tax loss carryforwards	2,160	1,021	22,041
Loss on valuation of investment securities	63	244	642
Loss on impairment of fixed assets	244	—	2,490
Loss on setting up trust for retirement benefits	—	147	—
Other	948	994	9,674
Total	5,558	5,102	56,714
Valuation allowance	(3,305)	(1,914)	(33,724)
Deferred tax assets	¥ 2,253	¥ 3,188	\$ 22,990
Deferred tax liabilities:			
Gain on setting up trust for retirement benefits	¥ —	¥ 616	\$ —
Unrealized gain on securities	8	102	81
Other	—	2	—
Total deferred tax liabilities	8	720	81
Net deferred tax assets	¥ 2,245	¥ 2,468	\$ 22,909

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

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

The description of 2009 is omitted because of the loss before income taxes and minority interests.

12. Leases

Finance lease transactions (lessee)

(a) Finance lease transactions with ownership transfer

Lease assets;

- Property, plant and equipment-machinery and equipment in connection with Electronics components and Power supplies business
- Intangible fixed assets – Software

Lease assets are depreciated using the same method as fixed assets.

(b) Finance lease transactions without ownership transfer

Lease assets;

- Property, plant and equipment- machinery and equipment in connection with Electronics components and Power supplies business and tools and fixtures in connection with IT
- Intangible fixed assets – Software

Lease assets are depreciated by the straight-line method over the respective lease terms, assuming no residual value.

The accounting treatment for lease transactions which do not transfer ownership of the assets to the lessee at the end of the lease term which took place on or before March 31, 2008 remains the same treatment as operating lease transactions.

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 which took place on or before March 31, 2008 for the years ended March 31, 2009 and 2008 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Structures, machinery and equipment, and software			
Cost	¥ 1,302	¥ 2,589	\$ 13,285
Accumulated depreciation	612	1,428	6,245
Net amount	<u>¥ 690</u>	<u>¥ 1,161</u>	<u>\$ 7,040</u>

The following is a schedule of the future minimum lease payments under such lease contracts as of March 31, 2009 and 2008:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Due within one year	¥ 211	¥ 515	\$ 2,153
Due after one year	496	664	5,061
	<u>¥ 707</u>	<u>¥ 1,179</u>	<u>\$ 7,214</u>

The total lease expense under finance leases for the years ended March 31, 2009 and 2008 was as follows:

	Millions of yen		Thousands of
	2009	2008	U.S. dollars
Lease rental expense	¥ 436	¥ 520	\$ 4,448
Depreciation cost	407	490	4,153
Interest expense	26	29	265

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 ¥170 million (\$1,735 thousand) at March 31, 2009 and ¥165 million at March 31, 2008.

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.

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

	Millions of yen		Thousands of
	2009	2008	U.S. dollars
Maximum overdraft amount and total amount of loan commitment	¥ 2,500	¥ 7,500	\$ 25,510
Executed loan amounts	—	—	—
Net amount	¥ 2,500	¥ 7,500	\$ 25,510

16. Loss on impairment of fixed assets

The Companies have recognized impairment losses for the following groups of assets as of March 31, 2009.

Location	Use	Category
Onuma-gun, Fukushima, Japan	Idle properties	Land
Sayama-shi, Saitama, Japan	Soldering systems business	Goodwill
Numata-shi, Gunma, Japan	Electronics components facility	Land and building, etc.
Akumi-gun, Yamagata, Japan	Soldering systems facility	Land and building, etc.
Suzuka-shi, Mie, Japan	Electro-chemical materials facility	Land and building, etc.

The Companies grouped fixed assets based on management reporting classifications and grouped idle properties based on their respective types and use. For the year ended March 31, 2009, the book value of idle properties, the market values of which decreased significantly, were written down to their recoverable value and the book value of asset groups other than idle properties, the profitability of which decreased significantly because of the recession, were written down to their recoverable value.

Total impairment loss of ¥586 million (\$5,979 thousand) consisted of ¥197 million (\$2,010 thousand) for buildings and structures, ¥119 million (\$1,214 thousand) for land and ¥270 million (\$2,755 thousand) for goodwill.

17. Stock Options

(a) Amount of stock options to be expensed for the year ended March 31, 2009 and 2008.

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Selling, general and administrative expenses	¥ 17	¥ 19	\$ 173

(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

Date of resolution	TAMURA CORPORATION The 5th Stock Option Plan June 27, 2008
Title and number of grantees	Directors 6 (Exclude outside director) Executive officer 6
Number of stock options	Common shares 42,000
Grant date	July 1, 2009
Condition for vesting	Retirement of director and executive officer
Requisite service period	N.A.
Exercise period	July 1, 2008 to June 30, 2038

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.

Date of resolution	Koha Co., Ltd. June 27, 2002	Koha Co., Ltd. June 23, 2005
Title and number of grantees	Koha Co., Ltd.'s Co-researchers 3 Corporation lawyers 1 Advisers 1 Auditors 2 Employees 5	Koha Co., Ltd.'s Directors 7 Corporate officers 2 Auditors 4 Employees 196 Subsidiaries' employees 51 Advisers 4
Number of stock options	Common shares 46,000	Common shares 141,400
Grant date	October 3, 2002	October 5, 2005
Condition for vesting	The relationship by the contract of the advisors etc. between Koha Co., Ltd is required at the exercise of right. Other condition is written on 'the contract of share options allocation' which is based on the resolutions of this general shareholders' meeting and the board of directors' meeting on the share options.	To be the directors, corporate officers, auditors or employees of Koha Co., Ltd. or its subsidiaries is required at the exercise of right. Nevertheless if the stock option holders retire by termination of term or retirement age, they may exercise their right.
Requisite service period	N.A.	N.A.
Exercise period	July 1, 2004 to June 30, 2008	July 1, 2007 to June 30, 2011

b. Stock options granted and changes

The transaction of stock option of the year ended March 31, 2009 are summarized after converted to shares of stocks.

Number of stock options	(Shares)		
	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	25,000	24,000	30,000
Granted	—	—	—
Forfeited	—	—	—
Vested	3,000	2,000	2,000
Outstanding	22,000	22,000	28,000
After vested			
Previous fiscal year-end	—	—	—
Vested	3,000	2,000	2,000
Exercised	3,000	2,000	2,000
Forfeited	—	—	—
Exercisable	—	—	—

Date of resolution	TAMURA CORPORATION The 5th Stock Option Plan June 27, 2008
Before vested	
Previous fiscal year-end	—
Granted	42,000
Forfeited	—
Vested	—
Outstanding	42,000
After vested	
Previous fiscal year-end	—
Vested	—
Exercised	—
Forfeited	—
Exercisable	—

Number of stock options (Shares)

Date of resolution	Koha Co., Ltd. June 27, 2002	Koha Co., Ltd. June 23, 2005
Before vested		
Previous fiscal year-end	—	—
Granted	—	—
Forfeited	—	—
Vested	—	—
Outstanding	—	—
After vested		
Increased from newly consolidated subsidiaries	21,000	127,900
Vested	—	—
Exercised	—	—
Forfeited	21,000	14,000
Exercisable	—	113,900

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	409	409	409
Fair value at the grant date	—	464	653

Date of resolution	TAMURA CORPORATION The 5th Stock Option Plan June 27 2008
Exercise price	1
Average stock price at exercise	—
Fair value at the grant date	426

Price information (Yen)

Date of resolution	Koha Co., Ltd. June 27, 2002	Koha Co., Ltd. June 23, 2005
Exercise price	1,303	1,397
Average stock price at exercise	—	—
Fair value at the grant date	—	—

- (c) Valuation technique used for valuating fair value of stock options
TAMURA CORPORATION the 4th 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 4th Stock Option Plan June 28, 2007
Expected volatility(*1)	27.0%
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 excise 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.

TAMURA CORPORATION the 5th 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 5th Stock Option Plan June 27, 2008
Expected volatility(*1)	43.3%
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 2007 to June 2008.
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, 2008.
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. Segment Information

(a) Industry segments:

The operations of the Companies for the years ended March 31, 2009 and 2008 are summarized by business group as follows:

	Year ended March 31, 2009						Consoli- dated
	Millions of yen						
	Electronic components and Power supplies	Electro- chemical materials and Soldering systems	Information/ Communi- cation equipment	Other	Corporate and Eliminations		
Sales and operating revenue							
Sales-							
Customers	¥ 49,319	¥ 23,925	¥ 4,239	¥ 24	¥ —	¥ 77,507	
Inter-segment	9	62	(0)	545	(616)	—	
	49,328	23,987	4,239	569	(616)	77,507	
Operating costs and expenses	51,332	22,118	3,811	558	997	78,816	
Operating income(loss)	¥ (2,004)	¥ 1,869	¥ 428	¥ 11	¥ (1,613)	¥ (1,309)	
Identifiable assets	¥ 38,715	¥ 23,569	¥ 2,456	¥ 412	¥ 9,947	¥ 75,099	
Depreciation and amortization	¥ 1,786	¥ 777	¥ 159	¥ 4	¥ 164	¥ 2,890	
Loss on impairment of fixed assets	¥ 128	¥ 458	¥ —	¥ —	¥ —	¥ 586	
Capital expenditures	¥ 1,607	¥ 846	¥ 35	¥ 5	¥ 224	¥ 2,717	

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)	—	
	52,523	31,985	6,477	606	(612)	90,979	
Operating costs and expenses	51,277	27,940	5,569	599	1,053	86,438	
Operating income	¥ 1,246	¥ 4,045	¥ 908	¥ 7	¥ (1,665)	¥ 4,541	
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, 2009

Thousands of U.S. dollars							
	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	\$ 503,255	\$ 244,133	\$ 43,255	\$ 244	\$ —	\$ 790,887	
Inter-segment	91	632	(0)	5,562	(6,285)	—	
	503,346	244,765	43,255	5,806	(6,285)	790,887	
Operating costs and expenses	523,795	225,694	38,888	5,694	10,173	804,244	
Operating income(loss)	\$ (20,449)	\$ 19,071	\$ 4,367	\$ 112	\$ (16,458)	\$ (13,357)	
Identifiable assets	\$ 395,051	\$ 240,500	\$ 25,061	\$ 4,204	\$ 101,500	\$ 766,316	
Depreciation and amortization	\$ 18,224	\$ 7,929	\$ 1,622	\$ 41	\$ 1,673	\$ 29,489	
Loss on impairment of fixed assets	\$ 1,306	\$ 4,673	\$ —	\$ —	\$ —	\$ 5,979	
Capital expenditures	\$ 16,397	\$ 8,633	\$ 357	\$ 51	\$ 2,286	\$ 27,724	

(b) Geographic segments:

The operations of the Companies for the years ended March 31, 2009 and 2008 are summarized by geographic segment as follows:

	Year ended March 31, 2009					
	Millions of yen					
	Japan	Asia	Europe	North and South America	Corporate and Eliminations	Consoli- dated
Sales and operating revenue						
Sales-						
Customers	¥ 40,087	¥ 27,630	¥ 7,013	¥ 2,777	¥ —	¥ 77,507
Inter-segment	5,466	10,610	111	95	(16,282)	—
	<u>45,553</u>	<u>38,240</u>	<u>7,124</u>	<u>2,872</u>	<u>(16,282)</u>	<u>77,507</u>
Operating costs and expenses	<u>45,894</u>	<u>37,743</u>	<u>6,950</u>	<u>2,943</u>	<u>(14,714)</u>	<u>78,816</u>
Operating income (loss)	<u>¥ (341)</u>	<u>¥ 497</u>	<u>¥ 174</u>	<u>¥ (71)</u>	<u>¥ (1,568)</u>	<u>¥ (1,309)</u>
Identifiable assets	¥ 52,872	¥ 21,817	¥ 2,507	¥ 1,363	¥ (3,460)	¥ 75,099

	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, 2009						
Thousands of U.S. dollars						
	Japan	Asia	Europe	North and South America	Corporate and Eliminations	Consoli- dated
Sales and operating revenue						
Sales-						
Customers	\$ 409,051	\$ 281,938	\$ 71,561	\$ 28,337	\$ —	\$ 790,887
Inter-segment	55,775	108,266	1,132	969	(166,142)	—
	464,826	390,204	72,693	29,306	(166,142)	790,887
Operating costs and expenses	468,305	385,133	70,918	30,030	(150,142)	804,244
Operating income (loss)	\$ (3,479)	\$ 5,071	\$ 1,775	\$ (724)	\$ (16,000)	\$ (13,357)
Identifiable assets	\$ 539,510	\$ 222,623	\$ 25,581	\$ 13,908	\$ (35,306)	\$ 766,316

Total exports by domestic operations and sales by overseas branches and subsidiaries for the years ended March 31, 2009 and 2008, were as follows:

Year ended March 31, 2009						
Millions of yen						
	Asia	Europe	North and South America	Other	Total	
Export sales	¥ 31,826	¥ 6,841	¥ 3,051	¥ 0	¥ 41,718	
Total sales					77,507	
Export sales as percentage of total sales	41.1%	8.8%	3.9%	0.0%	53.8%	

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, 2009						
Thousands of U.S. dollars						
	Asia	Europe	North and South America	Other	Total	
Export sales	\$ 324,755	\$ 69,806	\$ 31,133	\$ 0	\$ 425,694	
Total sales					790,887	
Export sales as percentage of total sales	41.1%	8.8%	3.9%	0.0%	53.8%	

Notes:

1. Overseas net sales include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries.
2. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.
3. Major countries and areas which belong to segments other than Japan are as follows:

(1)Asia	Malaysia, Singapore, China, and Taiwan
(2)Europe	The United Kingdom, Czech and other European countries
(3)North and South America	The United States
(4)Other	Australia