Fujikura Ltd. was established as an electrical wiring company in 1885, when the founder Zenpachi Fujikura overcame the difficulties inherent in wiring by insulating the wires with silk and cotton windings for use in electrical generators—cutting-edge technology at the time. Since then, the Company has always stayed ahead of the times with “Tsunagu” (connection) technologies, developed through the manufacture of electric wires and cables with the aim of contributing to the advancement of society. Fujikura continues to deliver highly reliable products to the telecommunications, electronics, automotive and energy fields through its numerous advanced technologies.

In 2005, the Company’s 120th anniversary, we declared our intent to start anew with the beginning of the “Third 60 Years of Leadership.” We stated our mission to contribute to the creation of a richer society and to create value for customers through reforms to our corporate culture, based on our new “Mission, Vision, Core Values” (MVCV).

Now, with our basic management policy centered on profitability, the Fujikura Group is proceeding with its “Focus & Deep” strategy that reinforces craftsmanship in monozukuri (manufacturing), and research as the source of its metabolism, and ensuring that every person in the Fujikura Group works as one to realize the Group’s mission—to create customer value while contributing to society.
The damage caused by natural disasters both in Japan and in Thailand, reductions in capital expenditures in electric power, a decrease in vehicle production due to the disruption in the supply chain, and the appreciation of the yen, all had a significant impact on the Telecommunications and Electronics & Auto segments in fiscal year 2011.

Yoichi Nagahama
President & CEO

Q. Please review and summarize FY2011.
A. First, let us look at the business environment surrounding the Fujikura Group in the fiscal year under review. In the domestic environment, the Great East Japan Earthquake that struck Japan’s Tohoku region on March 11, 2011 caused great damage to production facilities of the Fujikura Group. In addition, the downturn in domestic demand, caused by a reduction in capital expenditure in the area of electric power and a decrease in vehicle production by auto makers due to the disruption of the supply chain in the first half of FY2011, and the appreciation of the yen against foreign currencies for the full year of FY2011, had a significant impact mainly on the Telecommunications and Electronics & Auto segments in terms of revenues and income. In the overseas environment, apart from factors such as the financial crisis in Europe and the escalation of regional conflicts and fiercer competition with companies in emerging countries, Thailand’s worst flooding in more than 50 years, that occurred in early October 2011, forced many of the electronics business’s production facilities in Thailand to suspend operations due to the inundation of plants by flood water, and drastically reduced revenues and income in the electronics business in the second half of FY2011.

Accordingly, the Fujikura Group’s consolidated business results for FY2011 were as follows: net sales were ¥509 billion, income from operations was ¥13.3 billion, ordinary income was ¥9.1 billion, and net loss was ¥6.2 billion, after including one-time items such as insurance proceeds of ¥15.4 billion and casualty loss in Thailand of ¥23.4 billion.

Q. What is the current status of restoration after the flood damage in Thailand?
A. Our electronics business, which suffered substantial damage and losses due to the devastating floods in Thailand, is an important division of the Fujikura Group. Therefore, it is essential for the Fujikura Group to rebuild the electronics business. Currently, Fujikura Electronics (Thailand) Ltd. (FETL) and our other affected subsidiaries are on track to such recovery. As part of our recovery measures, with the clear aim of avoiding future flood damage, we took several options, including installation of flood walls around plant sites, and the full implementation of “second-floor production” at production sites where flood walls are difficult to build. Regarding flexible printed circuits (FPCs), one of our flagship products, we are rushing to build a new plant in Kabinburi.
Industrial Zone, a high-lying area with low risk of flooding in terms of business continuity plan (BCP) requirements. We expect FPC production to be fully restored to its previous scale in late FY2012 when the construction of the new plant is completed. In addition, we established Fujikura Electronics Vietnam Ltd. (FEVL) in Vietnam as a risk diversification measure recognizing that our production bases were too concentrated only in Thailand, and we commenced commercial production in January 2012. In terms of production capacity in the connector business that was also affected, together with the production capacity at DDK (Shanghai) Co., Ltd. (DSL) located in Shanghai, China, and others, we are going to return to the level achieved before the disaster by July 2012.

Q. Will you need to revise the 2015 Mid-Term Business Plan because of flood damage to the production bases in Thailand?

A. The Group will firmly maintain the 6.5% or higher operating income margin set out in the 2015 Mid-Term Business Plan. However, the business plan for the electronics business division damaged by the flood will be reformulated within the first half of this fiscal year.

Q. Please comment on the progress made with the 2015 Mid-Term Business Plan.

A. To accomplish the goals set, we will accelerate our “global strategy” in Telecommunications and Electronics & Auto, and will also promote the “new business strategy” to develop and explore businesses in new areas. We have three business domains as part of the new business strategy. First, we will develop businesses in the environment & energy domain. We set up a Superconductor Business Development Department with a view toward developing an yttrium-based oxide superconducting wire with high superconductivity for practical applications. Second, in the cloud communications domain, we will acquire Nistica Inc. in the United States, with the aim of expanding our presence in the data center market and enhancing our optical switch business. Third, in the medical care/nursing/health care domain, we are aiming to expand our medical equipment business. Specifically, we will develop a fine-diameter endoscope with higher operability (optical fiber, complementary metal oxide semiconductor [C-MOS] sensor modules) in order to expand into new business fields, such as that of ophthalmic and biliary endoscopes.

Q. Please give an overview of business performance in FY2011 and future challenges and measures.

A. Telecommunications Segment

This business segment recorded decreases both in sales and income in FY2011, due to the appreciation of the yen against foreign currencies, intensifying competition in the Japanese market and impact of the Great East Japan Earthquake. We expect the tough business environment to continue in FY2012. To address such a business environment while improving our profitability—by promoting “Focus & Deep” in domestic businesses—we are going to accelerate global business expansion and carry out overseas infrastructure business with a strong focus on manufacturing optical fiber preforms, optical fiber cables and optical components in China, already commenced in FY2011.

Metal Cable & Systems Segment

This business segment achieved revenue growth in FY2011 thanks to good performance in the optical ground wire (OPGW) business in the United States and growing demand in the Japanese construction market. In addition, the successful turnaround was achieved primarily thanks to our cost reduction...
efforts in manufacturing, logistics, and sales. While the domestic market is expected to remain tough in FY2012, in order to improve profitability, we aim at an effective restructuring of the business structure as defined in the 2015 Mid-Term Business Plan, as well as to implement a thorough cost reduction strategy. We anticipate that the OPGW business in the United States will continue to develop in a favorable environment.

**Electronics & Auto Segment**

This business suffered a decline in revenues in FY2011 compared with the previous fiscal year mainly attributable to the series of natural disasters, specifically, supply-chain disruption resulting from the Great East Japan Earthquake in the first half, and the inundation of many production bases by the catastrophic floods in Thailand in the second half. In FY2012, we will accelerate early restoration of operations in the electronics business to increase sales, in addition to ensuring thorough implementation of cost reduction measures. We anticipate that production of FPCs, one of our flagship products, will be fully restored in late FY2012.

In order to improve profitability in this segment we are accelerating business expansion globally and actively building a framework to support our clients’ global strategies, in particular, a new plant in Paraguay that commenced operations in November 2011, a second production base in Morocco that will commence operations in July 2012, and a production base in China that will commence operations in July 2012.

**Real Estate & Others Segment**

In FY2011, real estate rental income from seven buildings of the “Fukagawa GATHARIA,” a redevelopment project, contributed to the bottom line of Fujikura Group. We expect this segment to continue to add to our revenues in FY2012.

Q. **What are your projections for FY2012’s business performance?**

A. While our business environment remains tough in FY2012, and includes the aftermath of the severe floods in Thailand, we project ¥500 billion in net sales, ¥13 billion in operating income, ¥9 billion in ordinary income and ¥4 billion in net income.

The dividend per share is planned to be ¥5.0/share (1H ¥2.5/share, 2H ¥2.5/share).

We fully appreciate our shareholders’ continued support of the Fujikura Group.

Yoichi Nagahama
President & CEO
Progress of the 2015 Mid-Term Business

1. Acceleration of global expansion of telecommunications

Establish a global business operating structure which responds quickly to changes in the business environment, such as the shrinking domestic market or higher yen, by expanding infrastructure businesses overseas, i.e., China

With the aim of business expansion in overseas markets, in the Telecommunications segment the Group built three production bases in China which started operations in 2011: an optical fiber preform plant in Wuhan, an optical fiber cable plant in Nanjing, and an optical components plant in Shanghai. This has paved the way for business expansion in China, a market which accounts for half of worldwide demand for optical fibers.

- **Company Name:** Fujikura Fiber-Home Opto-Electronics Material Technology Co., Ltd. (FFOE)
  - **Start Production:** April 2011
  - **Business:** Optical fiber preform manufacturing

- **Company Name:** Nanjing Fujikura Fiberhome Optical Cable Co., Ltd. (FFNC)
  - **Start Production:** June 2011
  - **Business:** Optical fiber cable manufacturing

- **Company Name:** Shanghai Fujikura Grandway Co., Ltd.
  - **Start Production:** January 2011
  - **Business:** Optical components manufacturing
In the fiscal year ended March 31, 2012, the Fujikura Group formulated the 2015 Mid-Term Business Plan with the aim of realizing its corporate philosophy while responding to sweeping changes in the business environment that include advancing globalization, transformation to a society powered by low-carbon, high-efficiency energy, and the advent of a low birthrate and aging population in the developed world. In this section, we report on progress with the business plan.

### 2. Acceleration of global expansion of automotive components business

**Aim at improving profitability by establishing a global business promotion organization**

In the automotive components business, Fujikura is constructing a second plant in Morocco to accommodate sales expansion to customers in Europe by Fujikura Automotive S.A.U. in Spain. In China, we are expanding the production base in Changchun. In response to demand in Brazil, we established a new plant in Paraguay, which began operations last year.

![Map of Fujikura's Global Operations](image)

- **Morocco factory operating from July 2012**
- **China factory operating from July 2012**
- **Paraguay factory operating from November 2011**
3. Acceleration of our “metabolism”

Accelerate our “metabolism” by deploying new products into new markets or fields

The Group will respond to changes in the business environment and seek sustained growth through the acceleration of its “metabolism” by the pursuit of new businesses. We will proceed with business development in three new domains: environment & energy; cloud communications; and medical care/nursing/health care.

In the environment & energy domain, last year we established the Superconductor Business Development Department to commercialize superconducting wires. We are proceeding with development aimed at the establishment of mass-production technology and have received orders for trial production.

In the domain of cloud communications, we will enter the new business field by leveraging the development of active optical cables for optical interconnections within data centers and the optical switch business acquired through the acquisition of Nistica Inc.

We aim to expand our business in the medical care/nursing/health care domain through the development of optical ultrathin endoscopes that use optical fibers and electronic ultrathin endoscopes that use C-MOS sensor modules, which are used in ophthalmic surgery, biliary duct examination and so on.

- **Superconductor Business Development Department**
  Differentiate by development of mass-production technologies for the yttrium-based superconductor wires

- **Expansion of optical switch business**
  Penetration of new business area by acquisition of Nistica Inc.

- **Business expansion into new business field by development of ultrathin endoscope (Optical fiber/C-MOS)**
  Ophthalmic endoscopy, biliary duct endoscopy, etc.
Impact of Floods on Fujikura Production in Thailand

Fujikura’s electronics production bases in Thailand were extensively damaged in the large-scale flooding that occurred in central Thailand in October 2011. Those plants produce flexible printed circuits (FPCs) and connectors, which account for approximately 50% and 20%, respectively, of net sales in the electronics division.

Since the flood depth reached several meters, the ground floor of each factory was flooded for a long period of time, resulting in irreparable damage to manufacturing facilities and factory infrastructure. The flooding had a particularly severe impact on FPC manufacturing. Since factories for bare FPCs (circuit boards before mounting of electronic components) are concentrated in Thailand, the flooding resulted in the loss of nearly all FPC manufacturing capacity.

The flooding had an impact on the business results in the fiscal year ended March 31, 2012. Sales in the electronics division fell sharply. In addition, the Company recorded an extraordinary gain of ¥15.4 billion related to casualty insurance proceeds received and recorded extraordinary losses in the amount of ¥23.4 billion for items such as loss or damage to fixed assets and inventories and fixed costs during the suspension of operations.

The flood damage had a less significant impact on connector manufacturing than on FPC manufacturing. Since the assembly machines and much of the other equipment used in connector production are comparatively easy to move, it was possible to evacuate manufacturing facilities to other production bases during the flooding and resume manufacturing at an early date. In addition, because Fujikura has production bases in China, Vietnam, and other locations as well as in Thailand, combined manufacturing capacity has been restored to the pre-flood level.

The Company plans to implement “Focus & Deep”, production base integration, and other measures in the electronics division overall to ensure profitability. This presents an opportunity to concentrate on key products of electronic wire such as micro coaxial cables, which continue strong sales, and to boost production efficiency by integrating factories of the thermal products business.

The Company expects to be able to cover most capital expenditures for recovery in the electronics division from insurance proceeds. Capital expenditures were ¥4.4 billion in FY2011, and the Company plans capital expenditures of ¥23.0 billion in FY2012.

The flooding in Thailand had an enormous impact on the electronics business, and the Company plans to allocate a majority of the abovementioned capital investment toward rebuilding FPC production. Nevertheless, contribution to business performance will begin in the second half of FY2012, and full-scale restart of operations is expected in FY2012. The Company considers FPCs an extremely important core business for the future and is determined to accomplish complete restoration of the business, even if it takes time.

The 2015 Mid-Term Business Plan was established in FY2011 for the purpose of pursuing growth while implementing transformation to a highly profitable business structure in the FPC business. The emphasis of the plan is to achieve the target operating income margin rather than the sales target (a measure of business profitability).

As Fujikura proceeds with recovery from the flooding in Thailand, we will adhere to the original target for an operating income margin of 6.8% for the electronics division, and we put higher priority on securing the operating income margin rather than on restoring production scale in the recovery plan.

The Company will be accelerating the shift from single-sided FPCs to double-sided and multi-layer FPCs and revitalize the FPC business by achieving qualitative improvements in production control and quality control and radical productivity innovation at the time of restructuring of the factories.
Fujikura contributes to the development of telecommunications infrastructure worldwide by maintaining world-class optical fiber manufacturing technologies. In the fiber-to-the-home (FTTH) market, we provide total support for telecommunications network construction through the provision of optical fiber cables, optical components, arc fusion splicers, and optical devices. We are developing optical modules, active optical cables and other products, which are used at the data centers that support cloud services, an expanding business field. In addition, we will contribute to the development of the medical equipment market by providing image fibers and other types of fibers, applying technologies cultivated in the telecommunications business.

Fujikura provides flexible printed circuits (FPCs), electronic wires, hard disk drive components, membrane switches, and heat pipes and other thermal products used as connecting parts in electronic devices such as digital consumer appliances and mobile devices. Fujikura serves, as a global wiring solutions provider, one-stop solutions made by a series of low-profile, thin, lightweight products that enable miniaturization and weight reduction in mobile phones, digital cameras, laptop PCs, and other products. We also contribute to weight reduction in hybrid and electric vehicles through the provision of automotive components incorporating total wiring technology, such as wire harnesses and other electronic materials.

Fujikura provides metal telecommunications cables and power cables necessary for the construction of telecommunications and electric power networks and other public infrastructure as well as a wide range of other electric wire and cables and equipment used in a variety of industrial applications, including office buildings, plants and other structures, elevators, shipping, rail transportation, and robots. We are developing eco-friendly products and are contributing to environmental load reduction, an increasingly important requirement worldwide.

Fukagawa GATHARIA is a spacious commercial zone completed at the end of March 2010 in a redevelopment project begun in 1997. Located on 70,000 m² former site of the Fujikura plant in Kiba, Koto-ku, Tokyo, this large-scale commercial complex includes office buildings, a cinema complex, a fitness club, and restaurants. It is also the location of Fujikura’s head office. The Others segment includes the sale of manufacturing equipment, cargo services, and other businesses.
FF2011 FY2010 FY2012
Projected
Projected

Net Sales and Operating Income Margin (%)

Telecommunications

Active Optical Cable for Camera Link
As a result of the need for high resolution in cameras for image processing inspection systems used on electronic component manufacturing lines as electronic components become ever smaller, image signal data volumes are rapidly increasing. Active optical cable makes possible high-speed and high-volume optical data transmission using a conventional electrical connector for the cable connection.

FSM-100M+/100P+ Specialty Fiber Fusion Splicers with Advanced Capabilities
In response to greater sophistication and diversification of optical fibers, for which applications in optical fiber lasers, optical sensors, medical equipment, and other products are expanding, Fujikura has released the “plus” series of fiber fusion splicers equipped with an end-view observation system and capable of splicing large-diameter fibers with cladding diameters of 1.0 mm and above.

FY2011 results decreased both in net sales and operating income due to yen appreciation, increasing competition in the domestic market and impact of the Great East Japan Earthquake.

A critical external environment is forecasted for FY2012. The Company will secure operating income with the “Focus & Deep” strategy for the domestic market.

Optical fibers/cables
Net sales decreased due to the higher yen despite the full-scale operation of factories in China for optical fiber preforms and cables in FY2011.
FY2012 sales are projected to remain level with the last fiscal year due to increasing competition despite increasing volume.

Optical components
Net sales in FY2011 increased only slightly because of higher orders for optical components and arc fusion splicers, dampened by increasing competition and the higher yen.
FY2012 sales are projected to increase due to greater demand and the acquisition of Nistica Inc.

Engineering
Net sales decreased due to the higher yen and suppressed investment in the USA and other areas in the 2nd half.
FY2012 net sales are projected to increase due to growing demand in overseas markets, despite shrinking demand in the domestic market.
### Electronics & Auto

#### Net Sales and Operating Income Margin (%)

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (Billion yen)</td>
<td>195.1</td>
<td>182.1</td>
<td>178.5</td>
</tr>
<tr>
<td>FPCs</td>
<td>58.2</td>
<td>47.9</td>
<td>32.9</td>
</tr>
<tr>
<td>Connectors</td>
<td>28.8</td>
<td>30.2</td>
<td>31.1</td>
</tr>
<tr>
<td>Others</td>
<td>31.8</td>
<td>31.9</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Auto</td>
<td>66.1</td>
<td>72.0</td>
<td>87.2</td>
</tr>
<tr>
<td>Income margin (%)</td>
<td>0.5%</td>
<td>27.3</td>
<td>-0.2%</td>
</tr>
</tbody>
</table>

- **FY2011** net sales decreased because of disruption to the supply chain caused by the Great East Japan Earthquake in the 1st half, flood damage in Thailand, the higher yen, and other reasons.
- **Electronics** will focus on regaining orders by accelerating restoration of devastated production facilities and reducing costs. Automotive components aim at increasing sales by responding to the global strategies of major customers.

#### High-Voltage Connector for Hybrid and Electric Vehicles (FHVC-Mark II)

Fujikura contributes to the growing popularity of eco-cars by providing connectors that feature high shielding performance and a safety lock mechanism. These connectors are used in the vicinity of the drive motors of hybrid and electric vehicles, which are in increasing demand as a result of a worldwide increase in environmental impact reduction activities.

- **FPCs**
  - Significant drop in net sales in FY2011 is due to flood damage in Thailand.
  - Net sales will decrease in FY2012 due to the impact of flood damage mainly in the 1st half.

- **Connectors**
  - Net sales increased in FY2011 because of rising demand for smartphones and industrial instruments despite negative effects from the Japan earthquake, the Thai floods and the higher yen.
  - Net sales are projected to increase in FY2012 mainly due to strong demand for smartphones.

- **Others**
  - Strong demand for micro coaxial cables (MCX) and HDD components, but disruption of the supply chain due to the floods kept sales level with last year.
  - Net sales in FY2012 are projected to remain level with FY2011.

- **Auto**
  - Despite effects of the earthquake, net sales in FY2011 increased because of recovering demand among Japanese automakers and a new launch aimed at European makers.
  - FY2012 net sales are projected to increase based on orders from major customers.

#### Transparent FPCs

Flexible printed circuits (FPCs) are extensively used in mobile communication devices, including rapidly proliferating smartphones. Fujikura supplies transparent FPCs, which is a product that can contribute to the development of creative and appealing terminal devices.
Metal Cable & Systems

Net Sales and Operating Income Margin (%)
(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper</td>
<td>195.4</td>
<td>201.9</td>
<td>193.8</td>
</tr>
<tr>
<td>Margin</td>
<td>-0.1%</td>
<td>0.2%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

- Severe conditions are affecting the domestic power utility market.
- The segment will keep improving profitability by implementing structural reforms in the business.

Optical Ground Wire
Development of power transmission networks is progressing in step with heightened demand for electricity in BRIC countries and other developing countries. Optical ground wire (OPGW) contributes to the construction of power transmission networks and telecommunication networks by incorporating optical fibers into the lightning protection cable installed at the topmost position of transmission lines.

Metal Cable & Systems
Net sales in FY2011 increased due to good demand in the United States and increasing demand in the construction market in Japan. This segment returned to profitability through cost reduction measures.

Net sales are projected to decrease because of lower copper prices, but profitability will be improved through cost reductions, restructuring and other measures.

Business in the United States will continue to be promising for OPGW (optical ground wire).

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012 (Est.)</th>
<th>As of Apr. 25, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper price</td>
<td>738</td>
<td>718</td>
<td>650</td>
<td>710</td>
</tr>
<tr>
<td>(thousand JPY/ton)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(average for the year)</td>
<td></td>
<td></td>
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</table>

Elevator Cables
Fujikura’s elevator cables, highly rated for their excellent bending lifespan and stable dynamic characteristics, have been adopted for use in elevators installed in highrise towers over 500 meters in height, including Tokyo Skytree in Japan, Canton Tower in Guangzhou, China, and TAIPEI 101 in Taiwan.
### Real Estate

**Net Sales and Operating Income Margin (%)**

(Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Real Estate</th>
<th>Operating income margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2010</td>
<td>11.4</td>
<td>42.3%</td>
</tr>
<tr>
<td>FY2011</td>
<td>10.9</td>
<td>46.1%</td>
</tr>
<tr>
<td>FY2012 Projected</td>
<td>11.0</td>
<td>40.0%</td>
</tr>
</tbody>
</table>

>>> Income from leasing property, centered on the redevelopment project in Fukagawa, Fukagawa GATHARIA, continues to contribute to profits.

**Fukagawa Redevelopment Project**

<table>
<thead>
<tr>
<th>Time of completion of main structures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ito-Yokado</td>
<td>Nov. 2000</td>
</tr>
<tr>
<td>Plaza Building</td>
<td>Oct. 2002</td>
</tr>
<tr>
<td>W1 Building</td>
<td>Dec. 2002</td>
</tr>
<tr>
<td>Tower-S Building</td>
<td>Jan. 2003</td>
</tr>
<tr>
<td>Tower-N Building</td>
<td>Jan. 2007</td>
</tr>
<tr>
<td>W2 Building</td>
<td>Apr. 2010</td>
</tr>
<tr>
<td>W3 Building</td>
<td>Apr. 2010</td>
</tr>
<tr>
<td>Fujikura Millennium Woods</td>
<td>Nov. 2010</td>
</tr>
</tbody>
</table>

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**Fujikura Millennium Woods (Gatharia Bio-Garden)**

November 2010 marked the opening of Fujikara Millennium Woods as part of the redevelopment of the former site of Fujikura’s Fukagawa Works. The biotope garden contributes to nature conservation while also serving as a place for local residents to relax and as an educational resource for children to learn about nature and the environment.
At the Forefront of R&D

The Fujikura Group is proactively developing new products and technologies in the following business segments:
(1) Telecommunications, (2) Electronics & Auto, and (3) Metal Cable & Systems. The Group has three corporate laboratories: the Environment and Energy Laboratory, the Optics and Electronics Laboratory, and the Electron Device Laboratory. The Group also has four R&D centers, each aligned with a particular business unit: the Electronics Components R&D Center, the Optical Cable System R&D Center, the Optoelectronics Circuits & Systems R&D Center, and the Power & Telecommunications Cable System R&D Center.

R&D Activities and Achievements by Segment

Telecommunications
Fujikura is engaged in development related to optical telecommunications networks, with an emphasis on optical fibers, to cope with explosive expansion of traffic volume accompanying the dissemination of smartphones and expansion of video transmission. We are developing products such as multi-core fibers, which are candidates for use as next-generation optical fibers for high-volume telecommunications. In the optical cables field, we are developing innovative optical cables with an emphasis on small diameter and high density, in step with a worldwide development trend. In developing products for the fiber-to-the-home (FTTH) market, we have succeeded in the practical application of indoor optical cable for restricted spaces that can be wired through narrow spaces at doors or windows. We have also developed optical cables, new types of optical connectors, and other products customized for overseas markets, where demand for FTTH is on the rise. In the area of optical systems and modules, we are proceeding with development of Internet VPN devices and industrial networking equipment. We are also developing fiber lasers as an application of optical fibers outside the telecommunications field. Following the successful commercialization of pulsed fiber lasers, we are developing high-capacity continuous wave fiber lasers.

Electronics & Auto
The importance of mobile communication devices such as smartphones and tablet PCs, as cloud access devices is increasing in step with the development of cloud computing, and the trends of functional enhancement, miniaturization, and price decline are accelerating. To meet these market needs, Fujikura is proceeding with FPC development with the aim of realizing higher speed, higher circuit density, multi-layering, miniaturization and profile reduction, and device-embedded substrates. In the development of membrane products, we are proceeding with development of a fine patterning technology using a new silver paste printing method and are pursuing performance enhancement and high added value in keyboards, touchpads, touch panels, and other input devices, sensors, and other applied products. In electronic wire-related development, we are developing USB3.0 and other high-speed transmission cables and various compact film antennas. In the area of thermal products, we are pursuing performance enhancement in electronic equipment cooling products such as cold plates for supercomputers and various heat pipes and are engaged in the development for practical application of direct methanol fuel cells (DMFCs). In the automotive components division, we are developing products including integrated ECU-embedded joint boxes, passenger detection sensors, seatbelt reminder sensors, and compact car antennas. We are also developing components for electric and hybrid vehicles.

Metal Cable & Systems
To promote the use of renewable energy, Fujikura is developing cable systems for wind power generation as well as cable systems for ultra-large-scale wind power generation, such as offshore wind power. In development related to electric vehicles, progress has been made in the examination of the utilization of automotive batteries as an emergency power source (vehicle to home), and we are developing power supply lead cables for this application. Another project is the development of lightweight, energy-saving cables and high-frequency coils using copper clad aluminum (CA) conductors and developing non-contact energy transmission coils with a view to weight reduction. To contribute to environmental load reduction, we are also moving ahead with environmental performance improvements.

In response to the recent diffusion and expansion of wireless LANs, Fujikura has developed a 5D thin leaky coaxial cable suited to communication confined to small areas for the purpose of increasing convenience and simultaneously ensuring information security.
Multi-Core Fibers

Multi-core fibers (MCFs), having multiple cores embedded into a single optical fiber, have been attracting worldwide attention as the next-generation transmission optical fiber. Fujikura is a global pioneer in this field and has proposed a trench-assisted MCF with dramatically improved properties and an MCF in which it is possible to embed ten cores within a limited cladding diameter. Part of this research was conducted under the project Research and Development of Innovative Optical Fiber Technology sponsored by NICT (National Institute of Information and Communications Technology).

![Trench-assisted MCF with large Aeff](image1.png) ![Fujikura’s original ten-core MCF](image2.png)

(a) Trench-assisted MCF with large Aeff  (b) Fujikura’s original ten-core MCF

Functional Single Crystals

More high-performance electronic and optical devices are in demand than ever before in recent years as the amount of information increases exponentially with the spread of mobile phones and Internet service. Semiconductor crystals and non-linear optical crystals play important roles in those devices.

Fujikura is pushing to raise the performance level of functional single crystals used as semiconductor crystals or non-linear optical crystals by leveraging our material design technologies and crystal growth technologies.

![Single crystal for an optical isolator](image3.png)

Wafer and Board Level Device Embedded Package  WABE Package®

The packaging technology to embed electronic components into printed circuit boards attracts much attention as the next generation high density packaging technology because it enables significant improvement in packaging density and downsizing. Our laboratory is developing a Wafer And Board level device Embedding Technology (WABE Technology®) to embed a thin IC into a multi-layer FPC, combining a wafer-level chip-scale package (WL-CSP) technology of copper-rewiring on an IC wafer and polyimide multilayer printed circuit board technology.

We developed the world's thinnest IC-embedded board by embedding a low-profile WL-CSP into a thin polyimide multilayer printed circuit board. That feature is being utilized in commercializing next-generation system-in-package (SIP) and various module substrates for mobile phones.

![A cross-sectional photograph of the WL-CSP and a WABE Package® embedded with thin chip components (board thickness: 0.26 mm)](image4.png)
Overview of the Corporate Governance System

Fujikura businesses constantly face intense competition in their respective fields, and it is vital that the intentions of management permeate to the farthest reaches of the organization to ensure that activities are implemented in a consistent and timely manner throughout the Company. Meetings of the Management Committee, consisting of Directors, are held weekly to make key decisions within the Company and the Group, while simultaneously overseeing general operations. Meetings of the Board of Directors are held almost monthly to decide upon important matters in accordance with the Regulations on the Board of Directors, and to supervise the general execution of operations by Directors. The Executive Committee reports and exchanges information on the dissemination and state of implementation of matters decided upon by the Management Committee.

Fujikura believes that being aware of, incorporating and managing legal issues and the propriety of operations that span from executive decision making to everyday activities in the farthest reaches of the organization is an efficient way of monitoring and supervising such activities.

Fujikura ensures executive responsibilities are clarified by the executive officer system, and has adopted the corporate auditor system to facilitate the monitoring and supervision of management and its decision-making process. Internal control of daily operations designed to ensure legal compliance and the propriety of operational processes is handled by the Audit Division, the relevant departments at headquarters, and administrative organizations within each business segment. We have established rules for managing documents and electronic information with regard to the storage and handling of important management information. In addition, we review Companywide risks, promote a compliance system and operate a whistleblowing system with the help of the Risk Management Committee and the Code of Conduct Promotion Committee.

In accordance with the provisions of Article 427, Paragraph 1 of the Company Law, the corporation has concluded contracts with all outside corporate auditors to limit their liability for damages pursuant to Article 423, Paragraph 1 of the Company Law and the Minimum Liability Amount stipulated in Article 425, Paragraph 1 of the Company Law.

Audit Structure

The Company has appointed two standing corporate auditors and two outside corporate auditors to audit the execution of operations by Directors from the perspective of legal compliance and propriety, by conducting on-site inspections of individual departments and Group companies, viewing important documents and attending important meetings. Auditors cooperate by providing reports and holding discussions at meetings of the Board of Auditors that...
are held monthly. Furthermore, Fujikura has adopted a system whereby standing corporate auditors are able to attend important meetings with regard to management’s decisions on the execution of business, such as meetings of the Management Committee, to state their opinions. We also guarantee auditors’ participation in management, including but not limited to activities of legal compliance in meetings of the Board of Directors, etc., and we set regular meetings to exchange views with executive officers and ensure opportunities are provided for the auditors to request this information.

The Audit Division, which is a dedicated internal auditing organization conducted a total of 64 audits of individual divisions (mainly sales divisions) and Group companies in FY2010. The audit division periodically exchanges information regarding internal auditing with corporate auditors; in addition, the audit division conducts internal audit operations under the instruction of corporate auditors when necessary, and periodically reports the internal audit results to corporate auditors.

At the beginning of every year, corporate auditors receive an audit plan from the accounting auditors, and receive reports from the accounting auditors on the results of audits conducted during and at the end of the period based on the plan. Several times each year, the corporate auditors and accounting auditors meet to discuss and exchange opinions on the details and system used in financial auditing.

**Outside Corporate Auditors**

The Company’s outside officers comprise two outside corporate auditors.

Mr. Soichiro Sekiuchi, an outside corporate auditor, is a highly specialized attorney with excellent character and judgment and is deemed to have sufficient knowledge concerning corporate management and the ability to appropriately implement his duties as auditor, due to his involvement in corporate legal affairs for many years. He has no vested interest in the Company and his independence is ensured.

Mr. Masaaki Shimoshima has considerable knowledge about finance and accounting, as described in Audit Structure. He also has abundant knowledge and insight concerning corporate management and is deemed able to audit the propriety of management, etc., from an objective perspective. Although he previously served as a person who executes business for Sumitomo Mitsui Banking Corporation, one of the Company’s banks, he retired from the bank in June 2003. The Fujikura Group’s borrowings from Sumitomo Mitsui Banking Corporation were ¥13,391 million as of March 31, 2012. This constitutes slightly more than 10% of the Group’s total borrowings, and it is deemed there is no risk of a conflict of interest with the general shareholders. He has no vested interest in the Company.

Although the Company has no criteria or policy concerning independence for the purpose of appointing outside directors or outside corporate auditors, the Company refers to the following evaluation standards concerning the independence of independent directors stipulated by the Tokyo Stock Exchange, when appointing outside officers.

Outline of Criteria for Examining the Independence of Outside Directors

Established by the Tokyo Stock Exchange comprehensively consider the situation when any of the following a. to e. applies.

a. A person who executes business for the company’s parent company or a fellow subsidiary
b. A major business counterpart of the company or a person who executes business for such business counterpart
c. A consultant, accounting professional or legal professional receiving a large amount of money and other assets, other than director/auditor compensation, from the company
d. A person who met any of the above criteria recently
e. Close relatives of a person to whom any of the following (a) to (c) applies:

(a) A person mentioned in a. to d. above
(b) A person who executes business for the company or a subsidiary of the company
(c) A person who met the criteria in (b) recently

As outside corporate auditors, Messrs. Sekiuchi and Shimoshima audit the execution of operations by directors from the perspective of legal compliance and propriety by conducting on-site inspections of individual departments and Group companies, viewing important documents, and attending important meetings. They also work with the standing corporate auditors by providing reports and holding discussions in monthly meetings of the Board of Auditors. The outside corporate auditors receive materials relating to meetings of the Board of Directors and Board of Auditors in advance.

The Audit Division, which is a dedicated internal auditing organization, provides support as appropriate and conveys information on internal audits to the outside corporate auditors as appropriate.

Although the Company has not appointed any outside director at this time, it views the introduction of outside directors positively and is currently selecting optimal candidates.
Directors, Corporate Auditors and Executive Officers

As of June 28, 2012

From left, front row: Takashi Sato, Yoichi Nagahama, Takamasa Kato
Back row: Noboru Sugiyama, Takashi Kunimoto, Masato Koike, Hideo Naruse, Toshihide Kanai

Directors

President & CEO & Representative Director
Yoichi Nagahama

Executive Vice Presidents & Representative Directors
Takashi Sato
Takamasa Kato

Senior Vice Presidents & Members of the Board
Masato Koike
Takashi Kunimoto
Hideo Naruse
Noboru Sugiyama
Toshihide Kanai

Corporate Auditors

Standing Corporate Auditors
Takao Shiota
Toshio Onuma

Outside Corporate Auditors
Soichiro Sekiuchi
Masaaki Shimojima

Executive Officers Other than Members of the Board

Managing Executive Officers
Nobumasa Misaki
Masato Sugo

Executive Officers
Yasuo Kumakawa
Toru Aizawa

Shigeru Watanabe
Akio Miyagi
Hideo Shiwa
Akira Wada
Izumi Ishikawa
Yoshikazu Nomura

Yasuo Ichikawa
Tadatoshi Kuge
Naoto Kosone
Takatoshi Arai
Masahiro Ikegami
Jody E. Gallagher
Summary of Results

Due to the negative impact of the floods in Thailand, the Great East Japan Earthquake and the higher yen, net sales decreased by ¥12.7 billion to ¥509.0 billion in FY2011 and operating income decreased by ¥3.5 billion, to ¥13.3 billion.

Net loss was ¥6.2 billion after recording ¥15.4 billion of extraordinary profit from insurance payments and ¥23.4 billion of extraordinary loss from the floods in Thailand.

### Financial Highlights

#### For the Year

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>¥659,482</td>
<td>¥573,657</td>
<td>¥503,527</td>
<td>¥521,832</td>
<td>¥509,081</td>
<td>¥6,198,478</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>20,375</td>
<td>230</td>
<td>17,934</td>
<td>16,891</td>
<td>13,383</td>
<td>162,949</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>4,503</td>
<td>(19,020)</td>
<td>2,567</td>
<td>9,383</td>
<td>(6,232)</td>
<td>(75,880)</td>
</tr>
<tr>
<td><strong>Capital Expenditures</strong></td>
<td>36,418</td>
<td>31,201</td>
<td>34,598</td>
<td>21,255</td>
<td>30,980</td>
<td>377,211</td>
</tr>
<tr>
<td><strong>R&amp;D Expenditures</strong></td>
<td>13,990</td>
<td>14,989</td>
<td>13,491</td>
<td>13,924</td>
<td>14,585</td>
<td>177,584</td>
</tr>
</tbody>
</table>

#### At Year-End

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Assets</strong></td>
<td>537,451</td>
<td>481,493</td>
<td>489,749</td>
<td>482,427</td>
<td>489,479</td>
<td>5,959,808</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>230,730</td>
<td>189,342</td>
<td>193,386</td>
<td>192,750</td>
<td>184,235</td>
<td>2,243,212</td>
</tr>
</tbody>
</table>

#### Number of Employees

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Employees</strong></td>
<td>49,448</td>
<td>46,466</td>
<td>50,639</td>
<td>53,289</td>
<td>50,463</td>
<td></td>
</tr>
</tbody>
</table>

#### Per Share Data

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income (Loss)—Primary</strong></td>
<td>¥12.3</td>
<td>¥(52.7)</td>
<td>¥7.1</td>
<td>¥26.0</td>
<td>¥(17.3)</td>
<td>$(0.210)</td>
</tr>
<tr>
<td><strong>Net Income—Fully Diluted</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Cash Dividends</strong></td>
<td>10.0</td>
<td>7.5</td>
<td>5.0</td>
<td>6.0</td>
<td>5.0</td>
<td>$0.060</td>
</tr>
</tbody>
</table>

Note: All dollar figures herein refer to U.S. currency, which has been translated from yen amounts, for convenience only, at the rate of ¥82.13 = US$1.00, the rate of exchange on March 31, 2012.
### Net Sales
(Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY</td>
<td>659.4</td>
<td>573.6</td>
<td>503.5</td>
<td>521.8</td>
<td>509.0</td>
</tr>
</tbody>
</table>

### Analysis of Operating Income
(Billions of yen)

- Exchange Fluctuation: -3.9
- Copper Price Fluctuation: -2.4
- Earthquake Impact: -3.0
- Net Income Increase: +5.8

### Net Income (Loss)
(Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY</td>
<td>4.5</td>
<td>-19.0</td>
<td>2.5</td>
<td>9.3</td>
<td>-6.2</td>
</tr>
</tbody>
</table>

### Total Assets, Total Net Assets
(Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY</td>
<td>537.4</td>
<td>481.4</td>
<td>489.7</td>
<td>482.4</td>
<td>489.4</td>
</tr>
</tbody>
</table>

### Shareholders’ Equity to Total Assets
(%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY</td>
<td>40.9</td>
<td>37.4</td>
<td>37.1</td>
<td>37.6</td>
<td>35.2</td>
</tr>
</tbody>
</table>

### Shareholder Return Policy

- **Ensured stable dividend payment**
  - **Dividend per share**
    - FY2010 ¥6.0/share
    - FY2011 ¥5.0/share
- **Dividend payout plan**
  - FY2012 ¥5.0/share
    - (1H: ¥2.5/share, year-end: ¥2.5/share)
Analysis of Operating Results for the Fiscal Year Ended March 31, 2012

Consolidated net sales for the year under review were ¥509.0 billion, down ¥12.7 billion compared with the previous fiscal year, due primarily to decreases in the Telecommunications segment and the Electronics & Auto segment. On the profit front, due to the impact of the higher yen, the lower price of copper and the floods in Thailand last October, operating income fell by ¥3.5 billion to ¥13.3 billion, ordinary income fell by ¥7.2 billion to ¥9.1 billion, and net loss was ¥6.2 billion.

Significant Factors Affecting Results

The business environment surrounding the Group’s operations was mixed. In the Telecommunications segment, the sales performance of some products was favorable, notably optical components and arc fusion splicers. However, yen appreciation and intensification of competition in the Japanese market resulted in adverse business conditions. In the Electronics & Auto segment, whereas business in the automotive components division recovered on the back of disaster recovery demand and the start-up of production of new car models for European customers, overall sales in the electronics division fell sharply due to the significant impact of flooding in Thailand. In the Metal Cable & Systems segment, profitability improved based on favorable business performance in the United States and the impact of cost cutting.

Analysis of Capital Resources and Liquidity

Net cash provided by operating activities totaled ¥37.0 billion, up ¥19.7 billion over the previous fiscal year. The increase is attributable to an increase in cash from sources including depreciation and amortization of ¥24.3 billion and insurance proceeds of ¥15.4 billion, despite the recording of a pretax loss of ¥3.3 billion. Net cash used in investing activities centering on capital expenditures totaled ¥29.1 billion, down ¥2.6 billion from the previous fiscal year. Net cash provided by financing activities amounted to ¥1.6 billion, down ¥10.1 billion, as proceeds from the issuance of corporate bonds of ¥39.8 billion offset payment for the redemption of corporate bonds of ¥10.0 billion and a net decrease in borrowings of ¥25.7 billion.

As a result, cash and cash equivalents at the end of the term totaled ¥59.0 billion, an increase of ¥9.8 billion year on year.

Strategies and Our Future Direction

Our growth strategy involves accelerating our “metabolism,” the source of the Company’s continuity and growth, by pioneering new and future markets through the constant creation and early commercialization of new technologies and new products in the domains of environment & energy, cloud communications, and medical care/nursing/health care, which are expected to grow in the future. To accelerate globalization, we aim to expand business in rapidly growing overseas markets. We will establish a global business development structure to achieve this and increase earnings. Structural reforms of business will be carried out through our strategy of “Focus & Deep,” whereby management resources will be injected where necessary according to changes in the business environment, such as expanding overseas markets and a shrinking domestic market.
### Consolidated Balance Sheets

Fujikura Ltd. and its Consolidated Subsidiaries  
At March 31, 2011 and 2012

<table>
<thead>
<tr>
<th>Assets</th>
<th>2011</th>
<th>2012</th>
<th>Thousands of U.S. dollars (Note 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>¥45,459</td>
<td>¥59,688</td>
<td>$726,750</td>
</tr>
<tr>
<td>Notes and accounts receivable, trade</td>
<td>122,645</td>
<td>116,454</td>
<td>1,417,923</td>
</tr>
<tr>
<td>Finished goods (Note 12)</td>
<td>19,015</td>
<td>18,584</td>
<td>226,275</td>
</tr>
<tr>
<td>Goods in process (Note 12)</td>
<td>17,582</td>
<td>16,611</td>
<td>202,253</td>
</tr>
<tr>
<td>Raw materials and supplies (Note 12)</td>
<td>16,662</td>
<td>17,925</td>
<td>218,252</td>
</tr>
<tr>
<td>Deferred tax assets (Note 19)</td>
<td>4,197</td>
<td>4,066</td>
<td>49,507</td>
</tr>
<tr>
<td>Other</td>
<td>21,365</td>
<td>19,795</td>
<td>241,020</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(1,175)</td>
<td>(1,377)</td>
<td>(16,766)</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>245,752</td>
<td>251,748</td>
<td>3,065,238</td>
</tr>
</tbody>
</table>

| **Fixed assets (Notes 6 and 17):**         |             |             |                                    |
| Tangible fixed assets                     |             |             |                                    |
| Buildings and structures, net             | 83,180      | 75,404      | 918,105                            |
| Machinery, equipment and vehicles, net    | 28,452      | 35,802      | 435,919                            |
| Land                                      | 19,269      | 18,697      | 227,651                            |
| Lease assets, net                         | 744         | 1,798       | 21,892                             |
| Construction in progress                  | 7,827       | 7,192       | 87,688                             |
| Other, net                                | 9,058       | 8,724       | 106,222                            |
| **Total tangible fixed assets**           | 149,133     | 147,620     | 1,797,394                          |
| Intangible fixed assets                   | 4,878       | 5,626       | 68,501                             |

| Investments and other assets              |             |             |                                    |
| Investment securities (Note 5)            | 49,104      | 48,809      | 594,290                            |
| Prepaid pension costs                     | 23,050      | 23,746      | 289,127                            |
| Deferred tax assets (Note 19)             | 2,789       | 4,000       | 48,703                             |
| Other (Note 5)                            | 8,582       | 10,364      | 126,190                            |
| Allowance for doubtful accounts           | (1,493)     | (1,488)     | (18,093)                           |
| Allowance for investment loss             | (270)       | (949)       | (11,555)                           |
| **Total investments and other assets**    | 82,662      | 84,484      | 1,028,662                          |

| Total fixed assets                        | 236,675     | 237,731     | 2,894,570                          |
| **Total assets**                          | ¥482,427    | ¥489,419    | $5,959,808                         |

The accompanying notes to the consolidated financial statements are an integral part of these statements.
<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars (Note 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes and accounts payable, trade (Note 8)</td>
<td>¥72,702</td>
<td>$908,888</td>
</tr>
<tr>
<td>Short-term borrowings (Note 6)</td>
<td>58,360</td>
<td>587,155</td>
</tr>
<tr>
<td>Current portion of bonds (Note 6)</td>
<td>10,000</td>
<td>121,758</td>
</tr>
<tr>
<td>Income taxes payable (Note 19)</td>
<td>1,754</td>
<td>23,572</td>
</tr>
<tr>
<td>Provision for loss from antitrust lawsuit</td>
<td>1,880</td>
<td>20,455</td>
</tr>
<tr>
<td>Other</td>
<td>28,026</td>
<td>484,325</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>170,844</td>
<td>2,126,178</td>
</tr>
</tbody>
</table>

| Noncurrent Liabilities: | | |
| Bonds (Note 6) | 20,000 | 608,791 |
| Long-term borrowings (Note 6) | 76,305 | 731,998 |
| Deferred tax liabilities (Note 19) | 1,808 | 2,606 |
| Provision for retirement benefits | 7,397 | 90,332 |
| Provision for directors' retirement benefits | 70 | 597 |
| Provision for repairs | 30 | 438 |
| Provision for loss on guarantees | 42 | 962 |
| Other (Note 7) | 13,177 | 154,845 |
| **Total noncurrent liabilities** | 118,632 | 1,590,405 |
| **Total liabilities** | 289,677 | 3,716,583 |

| Contingent liabilities (Note 20) | | |
| Unrealized gains on investment securities, net of taxes | 42 | 5,637 |
| Deferred gain (loss) on hedges, net of taxes | 305 | (3,190) |
| Foreign currency translation adjustments | (19,887) | (248,423) |
| **Total accumulated other comprehensive income** | (19,539) | (245,976) |
| **Total shareholders' equity (Note 22)** | 200,864 | 2,344,527 |

<table>
<thead>
<tr>
<th>Net assets</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars (Note 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders' equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>53,075</td>
<td>646,232</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>54,957</td>
<td>669,146</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>92,985</td>
<td>1,031,048</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>(154)</td>
<td>(1,912)</td>
</tr>
<tr>
<td><strong>Total shareholders' equity (Note 22)</strong></td>
<td>200,864</td>
<td>2,344,527</td>
</tr>
</tbody>
</table>

| Accumulated other comprehensive income: | | |
| Unrealized gains on investment securities, net of taxes | 42 | 5,637 |
| Deferred gain (loss) on hedges, net of taxes | 305 | (3,190) |
| Foreign currency translation adjustments | (19,887) | (248,423) |
| **Total accumulated other comprehensive income** | (19,539) | (245,976) |

| Non-controlling interests | | |
| Total net assets | 192,750 | 2,243,212 |

The accompanying notes to the consolidated financial statements are an integral part of these statements.
<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars (Note 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>¥521,832</td>
<td>¥509,081</td>
<td>436,741</td>
<td>$6,198,478</td>
</tr>
<tr>
<td><strong>Cost of sales (Notes 9, 10 and 12)</strong></td>
<td>436,741</td>
<td>428,397</td>
<td>5,216,084</td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>85,091</td>
<td>80,684</td>
<td>982,394</td>
<td></td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses (Notes 9 and 10):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Packing and transportation</td>
<td>15,517</td>
<td>16,255</td>
<td>197,918</td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>27,162</td>
<td>27,424</td>
<td>332,910</td>
<td></td>
</tr>
<tr>
<td>Research and development (Note 9)</td>
<td>7,630</td>
<td>7,041</td>
<td>85,730</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>17,689</td>
<td>16,578</td>
<td>201,851</td>
<td></td>
</tr>
<tr>
<td><strong>Total selling, general and administrative expenses</strong></td>
<td>68,199</td>
<td>67,300</td>
<td>819,433</td>
<td></td>
</tr>
<tr>
<td><strong>Income from operations</strong></td>
<td>16,891</td>
<td>13,383</td>
<td>162,949</td>
<td></td>
</tr>
<tr>
<td><strong>Non-operating income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>195</td>
<td>268</td>
<td>3,283</td>
<td></td>
</tr>
<tr>
<td>Dividend income</td>
<td>1,246</td>
<td>1,063</td>
<td>12,943</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange gains</td>
<td>1,188</td>
<td>523</td>
<td>6,368</td>
<td></td>
</tr>
<tr>
<td>Equity in earnings of affiliates</td>
<td>1,893</td>
<td>851</td>
<td>10,362</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1,453</td>
<td>916</td>
<td>11,153</td>
<td></td>
</tr>
<tr>
<td><strong>Total non-operating income</strong></td>
<td>5,977</td>
<td>3,623</td>
<td>44,113</td>
<td></td>
</tr>
<tr>
<td><strong>Non-operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>2,955</td>
<td>3,404</td>
<td>41,446</td>
<td></td>
</tr>
<tr>
<td>Product repair costs due to customers’ claims</td>
<td>214</td>
<td>1,090</td>
<td>13,722</td>
<td></td>
</tr>
<tr>
<td>Loss on disposal of property, plant and equipment</td>
<td>650</td>
<td>869</td>
<td>10,581</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2,650</td>
<td>2,486</td>
<td>30,269</td>
<td></td>
</tr>
<tr>
<td><strong>Total non-operating expenses</strong></td>
<td>6,471</td>
<td>7,851</td>
<td>95,592</td>
<td></td>
</tr>
<tr>
<td><strong>Ordinary income</strong></td>
<td>16,397</td>
<td>9,156</td>
<td>111,482</td>
<td></td>
</tr>
<tr>
<td><strong>Extraordinary gains:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance reimbursement income (Note 14)</td>
<td>-</td>
<td>15,479</td>
<td>188,469</td>
<td></td>
</tr>
<tr>
<td>Gain on sales of fixed assets (Note 13)</td>
<td>1,488</td>
<td>16</td>
<td>195</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>122</td>
<td>100</td>
<td>1,218</td>
<td></td>
</tr>
<tr>
<td><strong>Total extraordinary gains</strong></td>
<td>1,611</td>
<td>15,596</td>
<td>189,894</td>
<td></td>
</tr>
<tr>
<td><strong>Extraordinary losses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on disaster (Note 15)</td>
<td>542</td>
<td>19,685</td>
<td>239,681</td>
<td></td>
</tr>
<tr>
<td>Impairment losses (Note 17)</td>
<td>176</td>
<td>2,438</td>
<td>29,685</td>
<td></td>
</tr>
<tr>
<td>Business restructuring charges (Note 11)</td>
<td>186</td>
<td>2,078</td>
<td>25,301</td>
<td></td>
</tr>
<tr>
<td>Provision for loss from antitrust law suit</td>
<td>-</td>
<td>1,880</td>
<td>20,455</td>
<td></td>
</tr>
<tr>
<td>Provision for surcharge</td>
<td>1,000</td>
<td>1,180</td>
<td>14,367</td>
<td></td>
</tr>
<tr>
<td>Effect from adoption of accounting standard for asset retirement obligations</td>
<td>74</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1,581</td>
<td>1,020</td>
<td>12,419</td>
<td></td>
</tr>
<tr>
<td><strong>Total extraordinary losses</strong></td>
<td>3,561</td>
<td>28,083</td>
<td>341,934</td>
<td></td>
</tr>
<tr>
<td><strong>Income (loss) before income taxes</strong></td>
<td>14,447</td>
<td>(3,330)</td>
<td>(40,545)</td>
<td></td>
</tr>
<tr>
<td><strong>Income taxes</strong> (Note 19)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>5,081</td>
<td>5,215</td>
<td>63,497</td>
<td></td>
</tr>
<tr>
<td>Deferred</td>
<td>34</td>
<td>(2,788)</td>
<td>(33,946)</td>
<td></td>
</tr>
<tr>
<td><strong>Total income taxes</strong></td>
<td>5,115</td>
<td>2,427</td>
<td>29,551</td>
<td></td>
</tr>
<tr>
<td><strong>Income (loss) before non-controlling interests</strong></td>
<td>9,332</td>
<td>(5,758)</td>
<td>(70,108)</td>
<td></td>
</tr>
<tr>
<td><strong>Non-controlling interests in loss (income)</strong></td>
<td>(50)</td>
<td>474</td>
<td>5,771</td>
<td></td>
</tr>
</tbody>
</table>

Net income/(loss): ¥9,383 (¥6,232) ($75,880)
### Consolidated Statements of Comprehensive Income

Fujikura Ltd. and its Consolidated Subsidiaries  
For the Years Ended March 31, 2011 and 2012

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars (Note 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td><strong>Income (loss) before non-controlling interests</strong></td>
<td>¥9,332</td>
<td>¥5,758</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized gains (loss) on investment securities, net of taxes</td>
<td>(1,932)</td>
<td>434</td>
</tr>
<tr>
<td>Deferred gain (loss) on hedges, net of taxes</td>
<td>113</td>
<td>(280)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(6,338)</td>
<td>(1,015)</td>
</tr>
<tr>
<td>Share of other comprehensive income of associates accounted for using equity method</td>
<td>(79)</td>
<td>24</td>
</tr>
<tr>
<td><strong>Other comprehensive income (Note 16)</strong></td>
<td>(8,237)</td>
<td>(836)</td>
</tr>
<tr>
<td><strong>Comprehensive Income</strong></td>
<td>1,094</td>
<td>(6,594)</td>
</tr>
<tr>
<td>Comprehensive income attributable to shares of the parent</td>
<td>1,414</td>
<td>(7,147)</td>
</tr>
<tr>
<td>Comprehensive income attributable to non-controlling interests</td>
<td>(319)</td>
<td>552</td>
</tr>
</tbody>
</table>

The accompanying notes to the consolidated financial statements are an integral part of these statements.
### Consolidated Statements of Changes in Net Assets

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2011 and 2012

The accompanying notes to the consolidated financial statements are an integral part of these statements.

#### Fujikura Ltd. and its Consolidated Subsidiaries

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2012</th>
<th>2012</th>
<th>Million of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares issued</td>
<td>380,663,421</td>
<td>53,075</td>
<td>54,957</td>
<td>92,285</td>
</tr>
<tr>
<td>Common stock</td>
<td>380,663,421</td>
<td>53,075</td>
<td>54,957</td>
<td>92,285</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td></td>
<td></td>
<td>(154)</td>
</tr>
<tr>
<td>Treasury stock</td>
<td></td>
<td></td>
<td></td>
<td>200,854</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>380,663,421</td>
<td>53,075</td>
<td>54,957</td>
<td>92,285</td>
</tr>
</tbody>
</table>

#### Fujikura Ltd. and its Consolidated Subsidiaries

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2012</th>
<th>2012</th>
<th>Million of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized gains (losses) on investment securities, net of taxes</td>
<td>$1,597</td>
<td>($17)</td>
<td>($13,561)</td>
<td>($11,900)</td>
</tr>
<tr>
<td>Deferred gain (loss) on hedges, net of taxes</td>
<td></td>
<td></td>
<td></td>
<td>($8,349)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td></td>
<td></td>
<td></td>
<td>(5,349)</td>
</tr>
<tr>
<td>Total accumulated other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td>192,750</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td></td>
<td></td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>Total net assets</td>
<td></td>
<td></td>
<td></td>
<td>192,750</td>
</tr>
</tbody>
</table>

The accompanying notes to the consolidated financial statements are an integral part of these statements.
### Total shareholders' equity

<table>
<thead>
<tr>
<th>Number of shares issued</th>
<th>Common stock</th>
<th>Additional paid-in capital</th>
<th>Retained earnings</th>
<th>Treasury stock</th>
<th>Total shareholders' equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at March 31, 2011</strong></td>
<td>360,863,421</td>
<td>$646,232</td>
<td>$669,146</td>
<td>$1,132,167</td>
<td>($1,875)</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reissuance of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in scope of consolidation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in retained earnings from change in accounting period of consolidated subsidiaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items other than changes in shareholders' equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at March 31, 2012</strong></td>
<td>360,863,421</td>
<td>$646,232</td>
<td>$669,146</td>
<td>$1,031,048</td>
<td>($1,912)</td>
</tr>
</tbody>
</table>

The accompanying notes to the consolidated financial statements are an integral part of these statements.
**Consolidated Statements of Cash Flows**

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2011 and 2012

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>¥14,447</td>
<td>(¥3,330)</td>
<td>($40,545)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>25,892</td>
<td>24,330</td>
<td>296,238</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>176</td>
<td>2,438</td>
<td>29,695</td>
</tr>
<tr>
<td>Amortization of goodwill</td>
<td>393</td>
<td>528</td>
<td>6,429</td>
</tr>
<tr>
<td>Loss on damaged inventories</td>
<td></td>
<td>4,358</td>
<td>53,062</td>
</tr>
<tr>
<td>Increase in reserves and provisions</td>
<td>946</td>
<td>2,637</td>
<td>32,108</td>
</tr>
<tr>
<td>Insurance reimbursement income</td>
<td></td>
<td>(15,479)</td>
<td>(188,469)</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>(1,441)</td>
<td>(1,332)</td>
<td>(16,218)</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>2,955</td>
<td>3,404</td>
<td>41,446</td>
</tr>
<tr>
<td>Change in cash held by subsidiary banks</td>
<td>(1,072)</td>
<td>(1,555)</td>
<td>(12,371)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities:</strong></td>
<td>17,255</td>
<td>37,019</td>
<td>450,737</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for purchase of property, plant and equipment and other assets</td>
<td>(33,704)</td>
<td>(24,915)</td>
<td>(303,361)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment and other assets</td>
<td>2,380</td>
<td>1,209</td>
<td>14,721</td>
</tr>
<tr>
<td>Payments for loans</td>
<td>(1,500)</td>
<td>(2,387)</td>
<td>(29,185)</td>
</tr>
<tr>
<td>Proceeds from collection of loans</td>
<td>1,026</td>
<td>1,520</td>
<td>18,507</td>
</tr>
<tr>
<td>Payments for acquisition of shares of entities newly consolidated</td>
<td>(1,028)</td>
<td>(1,016)</td>
<td>(12,371)</td>
</tr>
<tr>
<td>Payments for advance to unconsolidated subsidiaries and affiliates</td>
<td>(1,072)</td>
<td>(1,555)</td>
<td>(18,933)</td>
</tr>
<tr>
<td>Other, net</td>
<td>1,230</td>
<td>(2,001)</td>
<td>(24,364)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(31,770)</td>
<td>(29,157)</td>
<td>(355,010)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase (decrease) in short-term borrowings</td>
<td>2,457</td>
<td>(19,267)</td>
<td>(234,592)</td>
</tr>
<tr>
<td>Proceeds from increase in long-term debt</td>
<td>15,585</td>
<td>1,521</td>
<td>18,519</td>
</tr>
<tr>
<td>Repayment of long-term debt</td>
<td>(4,085)</td>
<td>(6,007)</td>
<td>(97,492)</td>
</tr>
<tr>
<td>Redemption of bonds</td>
<td></td>
<td>(10,000)</td>
<td>(121,758)</td>
</tr>
<tr>
<td>Proceeds from issuance of bonds</td>
<td>39,820</td>
<td></td>
<td>484,841</td>
</tr>
<tr>
<td>Payment for purchase of treasury stock</td>
<td>(17)</td>
<td>(5)</td>
<td>(61)</td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>(1,803)</td>
<td>(2,163)</td>
<td>(26,336)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(266)</td>
<td>(209)</td>
<td>(2,545)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>11,869</td>
<td>1,688</td>
<td>20,553</td>
</tr>
<tr>
<td><strong>Effects of exchange rate changes on cash and cash equivalents:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in cash and cash equivalents</td>
<td>(5,615)</td>
<td>9,611</td>
<td>117,022</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>53,671</td>
<td>49,216</td>
<td>599,245</td>
</tr>
<tr>
<td>Increase (decrease) in cash and cash equivalents from change in accounting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>period of consolidated subsidiaries</td>
<td></td>
<td>(69)</td>
<td>(840)</td>
</tr>
<tr>
<td>Increase in cash and cash equivalents due to newly consolidated subsidiaries</td>
<td>1,160</td>
<td>325</td>
<td>3,957</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year (Note 18)</strong></td>
<td>¥40,216</td>
<td>¥50,083</td>
<td>¥719,384</td>
</tr>
</tbody>
</table>

The accompanying notes to the consolidated financial statements are an integral part of these statements.
Notes to the Consolidated Financial Statements
Fujikura Ltd. and its Consolidated Subsidiaries
For the years ended March 31, 2011 and 2012

1. Basis of Presentation
The accompanying Consolidated Financial Statements of Fujikura Ltd. (the "Company") and its consolidated subsidiaries (together, the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects, application and disclosure requirements, from International Financial Reporting Standards, and are prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.


In preparing the consolidated financial statements, certain reclassification and rearrangement have been made to the financial statements filed with the Director of the Kanto Local Finance Bureau in Japan in order to present these statements in a form which is more familiar to readers of these statements outside Japan.

2. Summary of Significant Accounting Policies
(a) Consolidation and Investments in affiliates
The consolidated financial statements include the accounts of the Company and all significant subsidiaries (71 subsidiaries at March 31, 2011 and 75 subsidiaries at March 31, 2012). All significant intercompany transactions and accounts and unrealized intercompany profits are eliminated in consolidation.

The difference between the cost and the underlying net equity of investment in consolidated subsidiaries at the time of acquisition is deferred and amortized over a five-year period. Investments of 50% or less in companies over which the parent company does not have control but has the ability to exercise significant influence, and investments in unconsolidated subsidiaries are generally accounted for by the equity method (9 companies at March 31, 2011 and 2012). When the accounts of subsidiaries and affiliates are not significant in relation to the Consolidated Financial Statements, they are carried at cost. The excess of the cost over the underlying net equity of investments in unconsolidated subsidiaries and affiliates accounted for after April 1, 1998, is included in the Company’s equity in current earnings of affiliates after elimination of unrealized intercompany profits.

(b) Translation of foreign currency transactions and accounts
Foreign currency transactions are translated using the foreign exchange rates prevailing at the transaction dates. Current receivables and payables denominated in foreign currencies are translated at the balance sheet date using current exchange rates. All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese Yen at current exchange rates at the respective balance sheet date and all income and expense accounts of those subsidiaries are translated at the average exchange rate for the fiscal year then ended.

Foreign currency financial statement translation differences are reported as a separate component of Net Assets in the Consolidated Balance Sheets.

(c) Consolidated statement of cash flows
For the purpose of reporting cash flows, cash and cash equivalents include all highly liquid investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present only an insignificant risk of change in value because of changes in interest rates.

(d) Valuation of securities
Securities held by the Companies have been classified into the following categories depending on the purpose for which they are held:

- Held-to-maturity debt securities:
  - These securities are carried at amortized cost. Any premium or discount arising on acquisition is amortized and recognized as an adjustment to interest income / expense.
- Available-for-sale securities:
  - These securities are investment securities expected to be held in the long term. Securities for which fair values are readily determinable are carried at fair value with unrealized gains and losses, net of applicable income taxes being recorded in net assets. Securities for which fair values are not readily determinable are recorded using the moving average cost.

(e) Inventories
Inventories are valued at the lower of cost or market, cost being determined mainly using the weighted average method.

(f) Property, plant and equipment
Depreciation of property, plant and equipment is generally computed using the declining-balance method, except for buildings acquired on and after April 1, 1998, and Intangible fixed assets which are depreciated using the straight-line method, over an estimate useful lives.

The estimated useful lives are generally as follows:

- Buildings: mainly 50 years
- Machinery and equipment: mainly 7 years
- Intangible fixed assets: mainly 5 years

(g) Accounting for Lease
Finance leases are depreciated using the straight-line method over their respective lease terms with no residual values.

(h) Allowance for doubtful accounts
Allowance for doubtful accounts provides for estimated uncollectible accounts at an amount specifically assessed and an amount computed based on historical loss experience.

(i) Severance indemnity and pension plans
The severance indemnity plans of the Companies, which cover substantially all employees, provide for benefit payments determined with reference to the employee's current basic rate of pay, length of service, position in the respective Company and employment termination circumstances. The plans also provide for additional benefits upon retirement at retirement age, death or for certain specified reasons.

The Company and certain consolidated subsidiaries have adopted non-contributory funded pension plans to provide the substituted portion of the benefit payments established under the Companies' regulations for their employees. Under these pension plans, upon termination of their employment, employees may elect for either a lump-sum payment or annuity payments.

The Company recognized and computed retirement benefits, including pension costs and the related liabilities, using an actuarial appraisal approach known as the projected unit credit method. Under a defined benefit plan, the net pension cost for a period includes the i) service costs, ii) interest costs, iii) expected return on plan assets, iv) amortization of unrecognized prior service costs and v) amortization of unrecognized actuarial differences. Any difference between the net pension cost and the amount actually funded for the period is reported as a Provision for retirement benefits or prepaid pension costs in the Consolidated Balance Sheets. In respect of the policy for the amortization of prior service costs, the Companies amortize these over the period up to estimated remaining service period of the employees.
The consolidated subsidiaries which have retirement benefit plan accrue the liabilities for their retirement benefits for directors and corporate auditors, which is, in general, based upon the amounts required by the subsidiaries internal regulations.

Provision for repairs

Provision for repairs is recognized for future repair expenses related to melting furnace based on annual production volumes.

Allowance for investment losses

Allowance for investment loss provides for anticipated losses due to decline of values associated with investment in unconsolidated subsidiaries and affiliates, considering financial conditions, etc.

Provision for loss on guarantees

Provision for loss on guarantees provides for anticipated losses by execution of guarantees, considering financial conditions in guaranteed companies.

Provision for surcharge

Provision for surcharge is recorded at the expected loss resulting from the payment of the surcharge due to the receipt of a (tentative) surcharge payment order based on the Antimonopoly Act.

Provision for loss from antitrust law suit

Provision for loss from antitrust law suit is recorded at the expected loss resulting from the payment required as a result of a plea agreement with the United States Department of Justice related to an antitrust matter.

Accounting for long-term construction-type contracts

The percentage-of-completion method of accounting is applied for the construction contracts which fulfill the conditions that the outcome of the construction activity is deemed certain during the course of the activity. Otherwise, the completed-contract method is applied. The cost-to-cost method is applied for estimating the percentage of completion.

Hedge accounting

The Companies apply for hedge accounting for certain derivative financial instruments, which include foreign currency forward exchange contracts and interest rate swap agreements used as parts of the Companies’ risk management of foreign currency and interest rate exposures underlying the normal course of the Companies’ operations.

Foreign currency forward exchange contracts:

The Companies enter into foreign currency forward exchange contracts to limit exposure to changes in foreign currency exchange rates on accounts receivable and payable and cash flows generated from anticipated transactions denominated in foreign currencies.

For foreign currency forward exchange contracts, which are designated as hedges, the Company has adopted the accounting method where by foreign currency denominated assets and liabilities are measured at the contract rate of the respective foreign currency forward exchange contract. With respect to such contracts for anticipated transactions, the contracts are marked-to-market and the unrealized gains/losses are deferred to the balance sheet and recorded in the income statement when the exchange gains/losses on the hedged items or transactions are recognized.

Interest rate swap agreements:

The Companies enter into interest rate swap agreements in order to limit the Companies’ exposure to changes in interest rates underlying the debt instruments. The related interest differentials paid or received under the interest rate swap agreements are recognized in interest expense over the term of the agreements.

Income taxes

Income taxes are computed using the asset and liability approach. Under this approach, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting basis and tax basis of assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that the tax benefits will not be realized.

The Company files its return under the consolidated tax filing system.

Appropriations of retained earnings

Appropriations of retained earnings reflected in the accompanying Consolidated Financial Statements are recorded upon approval by the shareholders.

Other basis for presentation of consolidated (parent) statements

Amounts less than ¥1 million have been omitted. As a result, the total shown in the Consolidated Financial Statements and notes thereto do not necessarily agree with the sum of the individual account balances.

Reclassification

Certain accounts in the Consolidated Financial Statements for the year ended March 31, 2011 have been reclassified to conform to the 2012 presentation.

Additional information

Application of accounting standard for accounting changes and error corrections

Effective to the accounting changes and corrections of prior period errors which are made after the beginning of the fiscal year ended March 31, 2011, the Companies have applied the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24, December 4, 2009).
3. United States Dollar Amounts
Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of exchange on March 31, 2012 (¥82.13=U.S.$1.00), has been used for translation purpose. The inclusion of such amounts is not intended to imply that Japanese Yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

4. Financial instruments
(a) Information on financial instruments
Policies
The Companies enter into financing arrangements (mainly through bank loans or corporate bonds) based on the planned capital expenditures of its businesses. The Companies invest in highly secured financial assets using available cash and finance their short-term working capital needs through bank loans. The Companies use derivative transactions within predetermined transaction volumes to limit the risk of significant fluctuations in foreign currency exchange rates and interest rates. The Companies do not enter into derivative transactions for speculative purposes.

Details of financial instruments and related risks
Trade notes and accounts receivable are exposed to customer credit risk. Also, trade receivables denominated in foreign currencies, which are derived from the global business expansion, are exposed to fluctuation in foreign currency exchange rates, however, the exposure is mitigated by entering into foreign forward exchange contracts.

Investment securities consist mainly of equity securities, which are exposed to market price fluctuation risks.

Trade notes and accounts payable have payment terms within one year. Also, within these accounts there are foreign currency denominated balances derived from the import of raw materials and therefore the balances are exposed to fluctuations in foreign currency exchange rates. However, such balances are typically offset by the accounts receivable balances denominated in the same currencies. Borrowings and Corporate Bonds are used primarily for capital expenditures and have maturity dates within five years subsequent to the balance sheet date. Certain borrowing contracts are based on variable, or floating, interest rates, which are exposed to fluctuation risk and are hedged via interest rate swap agreements.

Derivative transactions are comprised primarily of foreign forward exchange contracts aiming to hedge foreign currency exchange rate fluctuation risk in trade receivables/payables denominated in foreign currencies and of interest rate swap agreements aiming to hedge interest rate fluctuation risk in bank loans.

Risk management over financial instruments
1. Credit risk management (risk of customers' default risk, etc.)
The Company monitors doubtful accounts due to the current economic difficulties in accordance with the "credit management policy". The consolidated subsidiaries and affiliates are also required to conform with the "credit management policy" of the Company.

In order to mitigate credit risks to the greatest extent possible when dealing with derivative transactions, the Companies trade with financial institutes that maintain high credit ratings.

The financial assets being exposed to credit risks recorded in the Consolidated Balance Sheets represent amounts of maximum exposures to credit risk as of March 31, 2011 and March 31, 2012.

2. Market risk management (risk of fluctuations in foreign currency rates, interest rates, etc.)
The Company and certain consolidated subsidiaries use foreign forward exchange contracts to limit foreign currency exchange rate fluctuation risk in trade receivables/payables denominated in foreign currencies. Depending on the foreign currency market condition, the Companies use forward exchange contracts for trade receivables denominated in foreign currencies generated from highly probable forecast export transactions. Also, the Company and certain consolidated subsidiaries use interest rate swap agreements to limit interest rate fluctuation risk associated with bank loans.

In relation to investment securities, the Companies continuously monitors the related market values and financial condition of the issuers while also taking into consideration their business relationships with the issuers.

In executing and managing the daily operations of derivative transactions, the Companies and certain consolidated subsidiaries regularly monitor transaction balances/volumes and profit/loss status. Such information is periodically reported to the responsible management team and is audited by certain administration divisions. Also, prior approvals by an Executive Officer of the Company are generally required to enter into significant transactions, transaction modifications or applications for the use of new financial instruments.

3. Liquidity risk management for financing activities (risk of inability to repay on due date)
The Company manages liquidity risk by preparing/updating cash flow forecasts (led by the finance division) based on relevant information reported from the individual divisions and by entering into commitment line agreements.

Supplementary information on the fair value of financial instruments
The fair value of financial instruments is based on market values as well as reasonably determined values in situations where the market fair value is unavailable. The determination of such values is based on certain assumptions, which may result in different outcomes if other assumptions are applied. Also, the following information "(b) Fair values of Financial Instruments" does not include market risk of derivative transactions.
(b) Fair values of Financial Instruments

The fair value of financial instruments at March 31, 2011 and 2012, their associated book value as recorded in the Consolidated Financial Statements and the net differences are as follows:

<table>
<thead>
<tr>
<th>Millions of yen</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits</td>
<td>45,459</td>
<td>59,688</td>
</tr>
<tr>
<td>Notes and accounts receivable, trade</td>
<td>122,845</td>
<td>116,454</td>
</tr>
<tr>
<td>Less: Allowance for doubtful accounts</td>
<td>(1,149)</td>
<td>(1,357)</td>
</tr>
<tr>
<td>Total</td>
<td>121,495</td>
<td>115,097</td>
</tr>
<tr>
<td>Securities and investment securities</td>
<td>31,834</td>
<td>28,251</td>
</tr>
<tr>
<td>Notes and accounts payable, trade</td>
<td>122,645</td>
<td>74,647</td>
</tr>
<tr>
<td>Less: Allowance for doubtful accounts</td>
<td>(1,149)</td>
<td>(1,357)</td>
</tr>
<tr>
<td>Total</td>
<td>121,495</td>
<td>73,087</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>1,754</td>
<td>1,936</td>
</tr>
<tr>
<td>Bond(*1)</td>
<td>30,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Long-term borrowings(*2)</td>
<td>84,345</td>
<td>77,659</td>
</tr>
<tr>
<td>Derivative Instruments(*3)</td>
<td>30</td>
<td>(29)</td>
</tr>
<tr>
<td>Non-hedge derivative instruments</td>
<td>(53)</td>
<td>(431)</td>
</tr>
<tr>
<td>Designated hedge instruments</td>
<td>(53)</td>
<td>(431)</td>
</tr>
<tr>
<td>Total</td>
<td>121,495</td>
<td>115,097</td>
</tr>
</tbody>
</table>

(*1) ¥10,000 million of the bonds which matures within 1 year and are recorded in “Current portion of bonds” in the consolidated balance sheets are included in “Bond” above.

(*2) ¥8,039 million of the Long-term borrowings which matures within 1 year and are recorded in current portion of “Short-term borrowings” in the consolidated balance sheets are included in “Long-term borrowings” above.

(*3) Net receivables and liabilities related to the derivative transactions are presented net and items with a net liability position are presented in ( ).

Note 1: Method used to determine fair value of financial instruments, securities and derivative transactions:

(1) Cash and deposits
The fair values of these items approximate cost due to their short term maturities.

(2) Notes and accounts receivable, trade
The fair values of these items approximate cost because of their short term maturities. For certain accounts receivables, the Companies enter into foreign exchange forward contracts for which a simplified method of determining fair value is applied and allowable under JGAAP. The fair values of such receivables are determined on a aggregate basis with the related foreign exchange forward contract.

(3) Securities and investment securities
The fair value of equity securities are determined using quoted market prices for those securities. The fair value of debt securities are determined using quoted market prices or the prices provided by the financial institutions with which the related transactions are entered.

(4) Notes and accounts payable, trade, (5) Short-term borrowings and (6) Income taxes payable
The fair values of these items approximate cost due to their short term maturities.
(7) Bond
The fair value of bonds issued by the Company is determined using quoted market prices.

(8) Long-term borrowings
The fair value of these items are determined based on the present value of the principal and interest discounted at the interest rate to be charged for a newly entered into similar borrowing. For certain long-term debt with a floating interest rate, the Companies enter into interest swaps for which a simplified method is applied and allowable under JGAAP. Such long-term borrowings is combined with the related interest swaps and their fair values are determined based on the present value of the principal and interest after the swap is discounted at the interest rate to be charged for a similar new entered into borrowing.

(9) Derivative instruments
The Companies use a forward exchange rate for foreign exchange forward contracts. Foreign exchange forward contracts are combined with the accounts receivable designated as hedged items and are treated as one unit. Their fair values are included in related accounts receivable. Also, interest swaps for which a simplified method allowed under JGAAP is applied are combined with the long-term debts designated as hedged item and are treated as one unit. Their fair values are included in long-term debt.

Note 2 : Financial instruments for which estimation of the fair value is extremely difficult

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 Millions of yen</th>
<th>2012 Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount recorded in</td>
<td>Amount recorded in</td>
</tr>
<tr>
<td></td>
<td>consolidated balance sheets</td>
<td>consolidated balance sheets</td>
</tr>
<tr>
<td>Non-public companies</td>
<td>¥21,756</td>
<td>¥20,557</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2012 Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount recorded in</td>
<td>Amount recorded in</td>
</tr>
<tr>
<td></td>
<td>consolidated balance sheets</td>
<td>consolidated balance sheets</td>
</tr>
<tr>
<td>Non-public companies</td>
<td>¥20,557</td>
<td>$250,298</td>
</tr>
</tbody>
</table>

These items are not included in "(3) Security and Investment securities" because it is extremely difficult to determine their fair value as there is no quoted market price for these companies available and there is an inability to estimate the future cash flows of these companies.
Note 3: Receivable and held-to-maturity investment securities at March 31, 2011 and 2012 are recorded in balance sheet securities of which the aggregate annual maturities are as follows:

<table>
<thead>
<tr>
<th>Year ended March 31, 2011</th>
<th>1 year</th>
<th>Due after 1 year through 5 years</th>
<th>Due after 5 years through 10 years</th>
<th>Due after 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits</td>
<td>45,459</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Notes and accounts receivable, trade</td>
<td>122,429</td>
<td>215</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Securities and investment securities</td>
<td>4,000</td>
<td>53</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total held-to-maturity investment securities</td>
<td>¥171,889</td>
<td>¥269</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended March 31, 2012</th>
<th>1 year</th>
<th>Due after 1 year through 5 years</th>
<th>Due after 5 years through 10 years</th>
<th>Due after 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits</td>
<td>59,688</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Notes and accounts receivable, trade</td>
<td>116,290</td>
<td>163</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Securities and investment securities</td>
<td>-</td>
<td>54</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total held-to-maturity investment securities</td>
<td>¥175,979</td>
<td>¥218</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Note 4: The annual maturities of bonds and Long-term borrowings during the five years ending March 31, 2016 and 2017 are as follows:

Year ended March 31, 2011

<table>
<thead>
<tr>
<th>Bonds</th>
<th>Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>¥10,000</td>
</tr>
<tr>
<td>2013</td>
<td>-</td>
</tr>
<tr>
<td>2014</td>
<td>-</td>
</tr>
<tr>
<td>2015</td>
<td>-</td>
</tr>
<tr>
<td>2016</td>
<td>¥10,000</td>
</tr>
</tbody>
</table>

Long-term borrowings

<table>
<thead>
<tr>
<th>Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2016</td>
</tr>
</tbody>
</table>

Year ended March 31, 2012

<table>
<thead>
<tr>
<th>Bonds</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>2014</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2015</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2016</td>
<td>20,000</td>
<td>243,516</td>
</tr>
<tr>
<td>2017</td>
<td>¥30,000</td>
<td>$365,275</td>
</tr>
</tbody>
</table>

Long-term borrowings

<table>
<thead>
<tr>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>¥24,338</td>
</tr>
<tr>
<td>2014</td>
<td>7,040</td>
</tr>
<tr>
<td>2015</td>
<td>18,625</td>
</tr>
<tr>
<td>2016</td>
<td>10,047</td>
</tr>
<tr>
<td>2017</td>
<td>¥67</td>
</tr>
</tbody>
</table>
5. Investment Securities
Held-to-maturity investment securities at March 31, 2011 and 2012 whose aggregate cost, gross unrealized losses, gross unrealized losses and fair values are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Cost</td>
<td>¥4,053</td>
<td>¥54</td>
</tr>
<tr>
<td>Gross unrealized losses</td>
<td>-10</td>
<td>-8</td>
</tr>
<tr>
<td>Fair value</td>
<td>¥4,043</td>
<td>¥46</td>
</tr>
</tbody>
</table>

Available-for-sale investment securities at March 31, 2011 and 2012 consist primarily of equity securities whose aggregate cost, gross unrealized gains, gross unrealized losses and fair values are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Cost</td>
<td>¥20,620</td>
<td>¥20,570</td>
</tr>
<tr>
<td>Gross unrealized gains</td>
<td>2,742</td>
<td>2,916</td>
</tr>
<tr>
<td>Gross unrealized losses</td>
<td>(2,727)</td>
<td>(2,395)</td>
</tr>
<tr>
<td>Fair value</td>
<td>¥20,635</td>
<td>¥21,090</td>
</tr>
</tbody>
</table>

Available-for-sale investment securities sold during the year ended March 31, 2011 and 2012 are immaterial.

Investments in unconsolidated subsidiaries and affiliates at March 31, 2011 and 2012 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Investments securities</td>
<td>¥25,197</td>
<td>¥24,554</td>
</tr>
<tr>
<td>Investments and other assets, other</td>
<td>4,739</td>
<td>5,835</td>
</tr>
<tr>
<td></td>
<td>¥29,936</td>
<td>¥30,389</td>
</tr>
</tbody>
</table>

6. Short-term Borrowings, Long-term Debt
Short-term borrowings at March 31, 2011 and 2012 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Loans, principally from banks, with weighted-average interest rates of 1.9% and 1.7% per year at March 31, 2011 and 2012, respectively.</td>
<td>¥50,321</td>
<td>¥30,684</td>
</tr>
<tr>
<td></td>
<td>¥50,321</td>
<td>¥30,684</td>
</tr>
</tbody>
</table>
Long-term debt at March 31, 2011 and 2012 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans from banks and other financial institutions with mortgage, or other collateral and/or guarantees by other banks, due date from 2012 to 2028 with weighted-average interest rates of 1.7% at March 31, 2011 and 2012</td>
<td>¥84,345</td>
<td>$945,562</td>
</tr>
<tr>
<td>Lease obligation</td>
<td>711</td>
<td>6,770</td>
</tr>
<tr>
<td>Unsecured straight bonds issued from January 31, 2008 to September 7, 2011 with interest rates ranging from 0.5% to 1.8% due date from January 31, 2013 to September 7, 2018</td>
<td>30,000</td>
<td>730,549</td>
</tr>
</tbody>
</table>

Less: portion due date within one year

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term borrowings</td>
<td>(8,039)</td>
<td>(213,555)</td>
</tr>
<tr>
<td>Bond</td>
<td>(10,000)</td>
<td>(121,758)</td>
</tr>
<tr>
<td>Lease obligation</td>
<td>(326)</td>
<td>(3,129)</td>
</tr>
<tr>
<td>Total</td>
<td>(18,366)</td>
<td>(338,439)</td>
</tr>
</tbody>
</table>

The Companies’ assets pledged as collateral for short-term borrowings and other interest-bearing debts at March 31, 2011 and 2012 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying values of property, plant and equipment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and structures</td>
<td>¥602</td>
<td>$4,018</td>
</tr>
<tr>
<td>Machinery, equipment and vehicles</td>
<td>250</td>
<td>2,788</td>
</tr>
<tr>
<td>Land</td>
<td>1,002</td>
<td>12,200</td>
</tr>
</tbody>
</table>

The annual maturities of long-term debts during the five years ending March 31, 2017 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year ending March 31, 2014</td>
<td>¥24,338</td>
<td>$296,335</td>
</tr>
<tr>
<td>2015</td>
<td>7,040</td>
<td>85,718</td>
</tr>
<tr>
<td>2016</td>
<td>18,625</td>
<td>226,775</td>
</tr>
<tr>
<td>2017</td>
<td>10,047</td>
<td>122,330</td>
</tr>
<tr>
<td>Lease obligation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year ending March 31, 2014</td>
<td>¥167</td>
<td>$2,033</td>
</tr>
<tr>
<td>2015</td>
<td>71</td>
<td>884</td>
</tr>
<tr>
<td>2016</td>
<td>42</td>
<td>511</td>
</tr>
<tr>
<td>2017</td>
<td>15</td>
<td>183</td>
</tr>
<tr>
<td>Bond</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year ending March 31, 2014</td>
<td>¥ –</td>
<td>$ –</td>
</tr>
<tr>
<td>2015</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2016</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2017</td>
<td>20,000</td>
<td>243,516</td>
</tr>
</tbody>
</table>

7. Other Long-term Liabilities
Other than the loans and debts included in note 6, interest-bearing debts, which consisted of guarantee money received amounting to ¥4,970 million (US$60,514 thousand), were recorded as a part of other long-term liabilities in the Consolidated Balance Sheets as of March 31, 2012.

8. Notes Maturing at the year end
The notes had a maturity date at the year end (March 31, 2012) but were not settled until April 2 due to a bank holiday. For accounting purposes, these notes have been treated as settled. The amount of “Notes receivables” is ¥1,488 million (US$18,118 thousand) and “Notes payable” is ¥2,541 million (US$30,939 thousand).

9. Research and Development Costs
Research and development costs included in Selling, general and administrative expenses and Cost of sales, in aggregate, for the years ended March 31, 2011 and 2012, amounted to ¥13,924 million and ¥14,585 million (US$177,584 thousand), respectively.
10. Severance indemnities and Pension Plans

The Company and its domestic consolidated subsidiaries sponsor to their employees various defined benefit plans such as corporate pension plans, employees' pension plans and lump sum retirement plans. Certain consolidated subsidiaries also sponsor defined contribution plans.

Benefit obligations, fund status and prepaid pension cost/provision for retirement benefits at March 31, 2011 and 2012 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Benefit obligations</td>
<td>(¥65,976)</td>
<td>(¥64,154)</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>43,669</td>
<td>42,944</td>
</tr>
<tr>
<td>Unfunded status</td>
<td>(22,306)</td>
<td>(21,210)</td>
</tr>
<tr>
<td>Unfunded status</td>
<td>23,335</td>
<td>22,132</td>
</tr>
<tr>
<td>Unrecognized prior service costs, net</td>
<td>(2,596)</td>
<td>(2,341)</td>
</tr>
<tr>
<td>Trust funds for severance plans</td>
<td>18,119</td>
<td>17,746</td>
</tr>
<tr>
<td>Net amount recognized</td>
<td>16,552</td>
<td>16,327</td>
</tr>
<tr>
<td>Prepaid pension costs included in the Consolidated Balance Sheet</td>
<td>(¥7,397)</td>
<td>(¥7,419)</td>
</tr>
<tr>
<td>Provision for retirement benefit reported in the Consolidated Balance Sheet</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The components of net period pension costs for employees for the years ended March 31, 2011 and 2012 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Service costs</td>
<td>¥2,212</td>
<td>¥2,221</td>
</tr>
<tr>
<td>Interest costs</td>
<td>1,249</td>
<td>1,211</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(666)</td>
<td>(637)</td>
</tr>
<tr>
<td>Amortization of unrecognized prior service costs</td>
<td>(239)</td>
<td>(264)</td>
</tr>
<tr>
<td>Amortization of unrecognized actuarial losses</td>
<td>2,504</td>
<td>2,622</td>
</tr>
<tr>
<td>Net periodic pension costs</td>
<td>¥5,080</td>
<td>¥5,163</td>
</tr>
</tbody>
</table>

Other than the resignation payment expense mentioned above, extra retirement bonuses of ¥1,205 million (US$14,672 thousand) have been recorded in Business restructuring charges.

Assumptions used in the calculation of the above net periodic pension costs as of March 31, 2011 and 2012 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method of attributing the projected benefits to periods of service</td>
<td>Term straight-line basis</td>
<td>Term straight-line basis</td>
</tr>
<tr>
<td>Discount rates</td>
<td>Mainly 1.9%</td>
<td>Mainly 1.9%</td>
</tr>
<tr>
<td>Rates of expected return on plan assets</td>
<td>Mainly 1.6%</td>
<td>Mainly 1.6%</td>
</tr>
<tr>
<td>Amortization period for unrecognized prior service costs</td>
<td>Mainly 15 years</td>
<td>Mainly 15 years</td>
</tr>
<tr>
<td>Amortization period for unrecognized actuarial differences</td>
<td>Mainly 15 years</td>
<td>Mainly 15 years</td>
</tr>
</tbody>
</table>

11. Business restructuring charges

Business restructuring charges recorded as a component of extraordinary losses are comprised of ¥186 million of expenses resulting from reorganization of the business structure in the Electronics & Auto segment for the year ended March 31, 2011, and expenses resulting from curtailment of employees and production facilities as a result of realignment and integration of production base in the Electronics & Auto segment related to the floods in Kingdom of Thailand for the year ended March 31, 2012.

12. Inventories

Inventories are valued at the lower of cost or market and the associated losses on inventory devaluation have been included in “Cost of sales” for the years ended March 31, 2011 and 2012 in the amounts of ¥421 million and ¥539 million (US$6,563 thousand), respectively.

13. Gain on sales of fixed assets

A gain on sale of land totaling ¥1,488 million was recorded during the year ended March 31, 2011 and a sale of building totaling ¥16 million (US$195 thousand) was recorded during the year ended March 31, 2012.

14. Insurance reimbursement income

Insurance reimbursement income is attributed to partial insurance reimbursements received for a portion of the inventories and fixed assets damaged as a result of the floods in Kingdom of Thailand in October 2011, the amount of which are considered to be fixed. The Companies will record the remaining insurance recoveries when the amounts are fixed.

15. Loss on disaster

The loss mainly relates to the losses of inventories and fixed assets damaged and fixed costs attributed to the suspension of production activities as a result of the floods in Kingdom of Thailand.
16. Consolidated Statements of Comprehensive Income

For the Year Ended March 31, 2012

Amount of reclassification and tax effect related to other comprehensive income are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized gains on investment securities, net of taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount arising during the year</td>
<td>¥231</td>
<td>$4,030</td>
</tr>
<tr>
<td>Reclassification adjustment</td>
<td>133</td>
<td>1,619</td>
</tr>
<tr>
<td>Before tax effect adjustment</td>
<td>464</td>
<td>5,650</td>
</tr>
<tr>
<td>Tax effect</td>
<td>(29)</td>
<td>(353)</td>
</tr>
<tr>
<td>Unrealized gains on investment securities, net of taxes</td>
<td>434</td>
<td>5,294</td>
</tr>
<tr>
<td>Deferred gain (loss) on hedges, net of taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount arising during the year</td>
<td>(378)</td>
<td>(4,602)</td>
</tr>
<tr>
<td>Before tax effect adjustment</td>
<td>(378)</td>
<td>(4,602)</td>
</tr>
<tr>
<td>Tax effect</td>
<td>(97)</td>
<td>1,181</td>
</tr>
<tr>
<td>Deferred gain (loss) on hedges, net of taxes</td>
<td>(280)</td>
<td>(3,409)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount arising during the year</td>
<td>(1,015)</td>
<td>(12,358)</td>
</tr>
<tr>
<td>Share of other comprehensive income of associates accounted for using equity method</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount arising during the year</td>
<td>(265)</td>
<td>(3,227)</td>
</tr>
<tr>
<td>Reclassification adjustment</td>
<td>290</td>
<td>3,531</td>
</tr>
<tr>
<td>Share of other comprehensive income of associates accounted for using equity method</td>
<td>24</td>
<td>292</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>(¥836)</td>
<td>($10,179)</td>
</tr>
</tbody>
</table>

17. Impairment of Fixed Assets

Grouping method:
The Companies grouped long-lived assets into asset groups by merchandise category.
Idle assets are grouped on an individual asset basis.

For the year ended March 31, 2012, the Company has recorded impairment losses against the following asset groups:

(1) Location: Fujikura Electronics (Thailand) Ltd. (Kingdom of Thailand)
Use: Idle assets
Type: Building
Amount of impairment losses: ¥1,654 million ($20,139 thousand)
Background leading to the recognition of impairment losses: These assets are no longer in use and their market value had fallen substantially primarily due to the floods in Thailand.
Recoverable amount: Net selling price
Calculation method for recoverable amount: Set at zero yen due to difficulty of conversion or sale.

(2) Location: Fujikura Electronics (Thailand) Ltd. (Kingdom of Thailand)
Use: Idle assets
Type: Machinery, others
Amount of impairment losses: ¥335 million ($4,079 thousand)
Background leading to the recognition of impairment losses: Part of equipment will not be in use.
Recoverable amount: Utility value
Calculation method for recoverable amount: Set at utility value or zero.

(3) Location: Fujikura SHS Ltd. (Kingdom of Thailand)
Use: Idle assets
Type: Building and land
Amount of impairment losses: ¥199 million ($2,423 thousand)
Background leading to the recognition of impairment losses: These assets are no longer in use and their market value had fallen substantially primarily due to the floods in Thailand.
Recoverable amount: Net selling price
Calculation method for recoverable amount: Set at zero yen due to difficulty of conversion or sale.

(4) Location: Headquarters (Japan)
Use: Telecommunications
Type: Tools, furniture and fixtures, and others
Amount of impairment losses: ¥203 million ($2,472 thousand)
Background leading to the recognition of impairment losses: Expected future cash flows to be generated from the asset group had fallen substantially below book values.
Recoverable amount: Utility value
Calculation method for recoverable amount: Set at utility value or zero.

18. Supplementary Cash Flow Information

A reconciliation of cash and cash equivalents in the Consolidated Statement of Cash Flows and account balances in the Consolidated Balance Sheets at March 31, 2011 and 2012 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits</td>
<td>¥45,459</td>
<td>¥69,688</td>
<td>$726,750</td>
</tr>
<tr>
<td>Negotiable certificates of deposits reported in securities</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Deposits with maturity of over three months</td>
<td>(242)</td>
<td>(604)</td>
<td>(7,354)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>¥49,218</td>
<td>¥69,083</td>
<td>$719,384</td>
</tr>
</tbody>
</table>

Part of “Loss on damaged inventories” and “Loss on disposal of property, plant and equipment” represent non-cash portion of extraordinary losses included in “Loss on disaster” of the Consolidated Statements of Income.
19. Income Taxes

The Company and its domestic subsidiaries are subject to a number of different income taxes which, in aggregate, indicate a nominal statutory tax rate in Japan of approximately 40% for the years ended March 31, 2011 and 2012.

A reconciliation between the nominal statutory income tax rate and the effective income tax rate in the accompanying Consolidated Statements of Income for the years ended March 31, 2011 and 2012 are as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal statutory tax rate</td>
<td>40.0%</td>
<td>-%</td>
</tr>
<tr>
<td>Increase in taxes resulting from permanent differences</td>
<td>0.0%</td>
<td>-%</td>
</tr>
<tr>
<td>Provision for surcharge payment</td>
<td>2.8%</td>
<td>-%</td>
</tr>
<tr>
<td>Foreign tax credit and payment</td>
<td>0.1%</td>
<td>-%</td>
</tr>
<tr>
<td>Intercompany elimination of dividends</td>
<td>2.1%</td>
<td>-%</td>
</tr>
<tr>
<td>Equity earnings</td>
<td>(5.2)%</td>
<td>-%</td>
</tr>
<tr>
<td>Tax exemption in foreign tax jurisdiction</td>
<td>(2.1)%</td>
<td>-%</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>6.4%</td>
<td>-%</td>
</tr>
<tr>
<td>Effect of lower tax rates at overseas subsidiaries</td>
<td>(6.3)%</td>
<td>-%</td>
</tr>
<tr>
<td>Tax credit</td>
<td>(1.6)%</td>
<td>-%</td>
</tr>
<tr>
<td>Other</td>
<td>(0.7)%</td>
<td>-%</td>
</tr>
<tr>
<td>Effective income tax rate</td>
<td>35.5%</td>
<td>-%</td>
</tr>
</tbody>
</table>

As the Companies recorded a net loss, such reconciliation for the year ended March 31, 2012 is not disclosed.

The significant components of deferred tax assets and liabilities at March 31, 2011 and 2012 are as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory revaluation</td>
<td>¥696</td>
<td>$8,791</td>
</tr>
<tr>
<td>Bonus accrual</td>
<td>2,157</td>
<td>22,404</td>
</tr>
<tr>
<td>Elimination of intercompany profits on inventories</td>
<td>325</td>
<td>1,753</td>
</tr>
<tr>
<td>Enterprise taxes</td>
<td>225</td>
<td>2,313</td>
</tr>
<tr>
<td>Net operating losses carried forward</td>
<td>7,950</td>
<td>136,442</td>
</tr>
<tr>
<td>Loss on devaluation of investment securities</td>
<td>4,369</td>
<td>47,181</td>
</tr>
<tr>
<td>Depreciation</td>
<td>963</td>
<td>10,642</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>432</td>
<td>4,736</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>1,632</td>
<td>21,283</td>
</tr>
<tr>
<td>Elimination of intercompany profits on fixed assets</td>
<td>629</td>
<td>9,911</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>1,158</td>
<td>11,324</td>
</tr>
<tr>
<td>Foreign tax credit carried forward</td>
<td>4,243</td>
<td>37,769</td>
</tr>
<tr>
<td>Other</td>
<td>4,790</td>
<td>66,090</td>
</tr>
<tr>
<td>Gross deferred tax assets</td>
<td>29,577</td>
<td>380,725</td>
</tr>
<tr>
<td>Less: valuation allowance</td>
<td>(22,101)</td>
<td>(260,502)</td>
</tr>
<tr>
<td>Total deferred tax assets</td>
<td>7,475</td>
<td>120,212</td>
</tr>
</tbody>
</table>

Deferred tax liabilities:

<table>
<thead>
<tr>
<th>Component</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special tax-purpose reserve for deferred gain on sale of property</td>
<td>1,058</td>
<td>11,068</td>
</tr>
<tr>
<td>Prepaid pension costs</td>
<td>804</td>
<td>7,099</td>
</tr>
<tr>
<td>Other</td>
<td>618</td>
<td>6,490</td>
</tr>
<tr>
<td>Total deferred tax liabilities</td>
<td>2,481</td>
<td>24,680</td>
</tr>
</tbody>
</table>

Net deferred tax assets (liabilities) included in the Consolidated Balance Sheets are as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets - Deferred tax assets</td>
<td>¥4,197</td>
<td>$49,507</td>
</tr>
<tr>
<td>Fixed assets - Deferred tax assets</td>
<td>2,789</td>
<td>48,703</td>
</tr>
<tr>
<td>Current liabilities - Other</td>
<td>1,917</td>
<td>29,587</td>
</tr>
<tr>
<td>Non-current liabilities - Deferred tax liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net deferred tax assets</td>
<td>¥4,993</td>
<td>$95,531</td>
</tr>
</tbody>
</table>

The "Amendment to the 2011 Tax Reform Bill" and "Special Measures to Secure the Financial Resources to Implement the Restoration from the Tohoku Earthquake" were promulgated on December 2, 2011. As a result of these amendments, the effective tax rate utilized in the calculation of deferred tax assets and liabilities for the temporary differences expected to be settled or realized in the fiscal years beginning on or after April 1, 2012 through April 1, 2014 is changed from 40.0% to 37.5%, and for temporary differences expected to be settled or realized in the fiscal year beginning on or after April 1, 2015, the rate is changed to 35.1%.

For these changes in the tax rate, the "deferred tax assets" net of deferred tax liabilities has decreased by ¥418 million (US$5,089 thousand), and "deferred tax provision", "unrealized gains on investment securities, net of taxes" and "deferred gain (loss) on hedges, net of taxes" have increased by ¥374 million (US$4,554 thousand), ¥35 million (US$426 thousand) and ¥7 million (US$85 thousand), respectively.

20. Contingent Liabilities

<table>
<thead>
<tr>
<th>Component</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guarantees for loans borrowed / notes issued by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>¥667</td>
<td>$7,013</td>
</tr>
<tr>
<td>Visca's corporation, affiliated company</td>
<td>8,165</td>
<td>72,933</td>
</tr>
<tr>
<td>Other unconsolidated subsidiaries and affiliates</td>
<td>1,917</td>
<td>29,587</td>
</tr>
<tr>
<td></td>
<td>¥10,750</td>
<td>$109,534</td>
</tr>
</tbody>
</table>
### 21. Derivative Instruments

#### ① Derivative no hedges

##### (1) Foreign forward exchange contracts

<table>
<thead>
<tr>
<th></th>
<th>For the Year Ended March 31, 2011</th>
<th></th>
<th>For the Year Ended March 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sell</td>
<td>Buy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Notional amount</td>
<td>Notional amount</td>
<td>Notional amount</td>
</tr>
<tr>
<td></td>
<td>More than one year of</td>
<td>Fair value</td>
<td>More than one year of</td>
</tr>
<tr>
<td></td>
<td>Notional amount</td>
<td></td>
<td>Notional amount</td>
</tr>
<tr>
<td></td>
<td>Gain (loss)</td>
<td></td>
<td>Gain (loss)</td>
</tr>
<tr>
<td><strong>2011</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sell</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>3,400</td>
<td>–</td>
<td>24</td>
</tr>
<tr>
<td>EUR</td>
<td>504</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Others</td>
<td>260</td>
<td>–</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>Buy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>6,149</td>
<td>–</td>
<td>47</td>
</tr>
<tr>
<td>MXN</td>
<td>1,404</td>
<td>–</td>
<td>16</td>
</tr>
<tr>
<td>Others</td>
<td>541</td>
<td>–</td>
<td>5</td>
</tr>
<tr>
<td><strong>Currency Swaps</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay TB / Rec USD</td>
<td>3,006</td>
<td>1,803</td>
<td>(19)</td>
</tr>
<tr>
<td>Pay MR / Rec USD</td>
<td>783</td>
<td>–</td>
<td>(36)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥16,061</td>
<td>¥1,803</td>
<td>¥35</td>
</tr>
</tbody>
</table>

|                  |                                   |                  |                                   |
| **2012**         |                                   |                  |                                   |
| Sell             |                                   |                  |                                   |
| USD              | 1,810                             | –                | 19                                |
| SGD              | 171                               | –                | 0                                 |
| Others           | 153                               | –                | (4)                               |
| **Buy**          |                                   |                  |                                   |
| USD              | 3,882                             | –                | 18                                |
| MXN              | 1,459                             | –                | (30)                             |
| JPY              | 443                               | –                | (2)                              |
| Others           | 149                               | –                | 0                                 |
| **Currency Swaps** |                                   |                  |                                   |
| Pay TB / Rec USD | 1,781                             | 593              | (7)                              |
| Pay MR / Rec USD | 743                               | –                | (34)                             |
| **Total**        | ¥10,097                           | ¥593             | (¥29)                            |

|                  |                                   |                  |                                   |
| **Thousand of U.S. dollars** |                                   |                  |                                   |
| Pay Fixed interest / Rec. Floating interest |                       |                  |                                   |
| USD              | 22,038                            | –                | 231                               |
| MXN              | 1,803                             | –                | (36)                             |
| JPY              | 1,803                             | –                | (36)                             |
| **Total**        | $122,939                          | $7,220           | ($353)                            |

#### (2) Interest Rate Swaps

<table>
<thead>
<tr>
<th></th>
<th>For the Year Ended March 31, 2011</th>
<th></th>
<th>For the Year Ended March 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Notional amount</td>
<td></td>
<td>Notional amount</td>
</tr>
<tr>
<td></td>
<td>More than one year of</td>
<td></td>
<td>More than one year of</td>
</tr>
<tr>
<td></td>
<td>Notional amount</td>
<td></td>
<td>Notional amount</td>
</tr>
<tr>
<td></td>
<td>Fair value</td>
<td></td>
<td>Fair value</td>
</tr>
<tr>
<td></td>
<td>Gain (loss)</td>
<td></td>
<td>Gain (loss)</td>
</tr>
<tr>
<td><strong>2011</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay Fixed interest / Rec. Floating interest</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>117</td>
<td>–</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥117</td>
<td>–</td>
<td>(¥4)</td>
</tr>
</tbody>
</table>

For the Year Ended March 31, 2012, there is no interest rate swap.

#### ② Designated instrument hedges

##### (1) Foreign forward exchange contracts

<table>
<thead>
<tr>
<th></th>
<th>For the Year Ended March 31, 2011</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Transfer process of foreign exchange contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accounts receivable, trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sell</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>17,529</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>EUR</td>
<td>576</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Processing method in principle</td>
<td>Accounts receivable, trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sell</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>3,828</td>
<td>–</td>
<td>(38)</td>
</tr>
<tr>
<td>EUR</td>
<td>480</td>
<td>–</td>
<td>(15)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥22,413</td>
<td>–</td>
<td>(¥53)</td>
</tr>
</tbody>
</table>
**Millions of yen**

<table>
<thead>
<tr>
<th>Account receivable, trade</th>
<th>Notional amount</th>
<th>More than one year of Notional amount</th>
<th>Fair value</th>
<th>Notional amount</th>
<th>More than one year of Notional amount</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 10,540</td>
<td>128,333</td>
<td>5,150</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EUR 432</td>
<td>5,150</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Processing method in principle**

<table>
<thead>
<tr>
<th>Expected transaction</th>
<th>USD 10,056</th>
<th>(206)</th>
<th>122,440</th>
<th>(2,508)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>$322,939</td>
<td>($4,079)</td>
</tr>
</tbody>
</table>

**(2) Interest Rate Swaps**

**For the Year Ended March 31, 2011**

<table>
<thead>
<tr>
<th>Special treatment of interest rate swaps</th>
<th>USD 54,000</th>
<th>49,000</th>
<th>1,169</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate Swaps</td>
<td></td>
<td></td>
<td>$882,747</td>
</tr>
</tbody>
</table>

**(22) Supplementary Information for the Consolidated Statements of Net Assets**

**For the Year Ended March 31, 2011**

(a) Type and number of outstanding shares

<table>
<thead>
<tr>
<th>Type of shares</th>
<th>Balance at beginning of year</th>
<th>Increase in shares during the year</th>
<th>Decrease in shares during the year</th>
<th>Balance at end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>360,863</td>
<td></td>
<td></td>
<td>360,863</td>
</tr>
<tr>
<td>Total</td>
<td>360,863</td>
<td></td>
<td></td>
<td>360,863</td>
</tr>
<tr>
<td>Treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>287</td>
<td>42</td>
<td>1</td>
<td>329</td>
</tr>
<tr>
<td>Total</td>
<td>287</td>
<td>42</td>
<td>1</td>
<td>329</td>
</tr>
</tbody>
</table>

(b) Dividends

(1) Dividends paid to shareholders:

<table>
<thead>
<tr>
<th>Date of approval</th>
<th>Resolution approved by</th>
<th>Type of shares</th>
<th>Amount (Millions of Yen)</th>
<th>Amount per share (Yen)</th>
<th>Shareholders’ cut-off date</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 29, 2010</td>
<td>Annual general meeting of shareholders</td>
<td>Common stock</td>
<td>901</td>
<td>2.5</td>
<td>March 31, 2010</td>
<td>June 30, 2010</td>
</tr>
<tr>
<td>November 1, 2010</td>
<td>Board of directors</td>
<td>Common stock</td>
<td>901</td>
<td>2.5</td>
<td>September 30, 2010</td>
<td>December 2,2010</td>
</tr>
</tbody>
</table>

(2) Dividends with a shareholders’ cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year:

<table>
<thead>
<tr>
<th>Date of approval</th>
<th>Resolution approved by</th>
<th>Type of shares</th>
<th>Amount (Millions of Yen)</th>
<th>Amount per share (Yen)</th>
<th>Shareholders’ cut-off date</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 29, 2011</td>
<td>Annual general meeting of shareholders</td>
<td>Common stock</td>
<td>1,262</td>
<td>4.5</td>
<td>March 31, 2011</td>
<td>June 30, 2011</td>
</tr>
</tbody>
</table>
For the Year Ended March 31, 2012

(a) Type and number of outstanding shares

<table>
<thead>
<tr>
<th>Type of shares</th>
<th>Balance at beginning of year</th>
<th>Increase in shares during the year</th>
<th>Decrease in shares during the year</th>
<th>Balance at end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>360,863</td>
<td></td>
<td></td>
<td>360,863</td>
</tr>
<tr>
<td>Total</td>
<td>360,863</td>
<td></td>
<td></td>
<td>360,863</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>329</td>
<td>16</td>
<td>3</td>
<td>342</td>
</tr>
<tr>
<td>(1) Treasury stock increased due to the repurchase of 16,000 shares.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Treasury stock decreased due to the sale of 3,000 shares.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(b) Dividends

(1) Dividends paid to shareholders:

<table>
<thead>
<tr>
<th>Date of approval</th>
<th>Resolution approved by</th>
<th>Type of shares</th>
<th>Amount (Millions of Yen)</th>
<th>Amount (Thousands of U.S. dollars)</th>
<th>Amount per share (Yen)</th>
<th>Amount per share (U.S. dollars)</th>
<th>Shareholders' cut-off date</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 29, 2011</td>
<td>Annual general meeting of shareholders</td>
<td>Common stock</td>
<td>1,262</td>
<td>15,366</td>
<td>3.5</td>
<td>$0.04</td>
<td>March 31, 2011</td>
<td>June 30, 2011</td>
</tr>
<tr>
<td>October 31, 2011</td>
<td>Board of directors</td>
<td>Common stock</td>
<td>901</td>
<td>10,970</td>
<td>2.5</td>
<td>$0.03</td>
<td>September 30, 2011</td>
<td>December 2011</td>
</tr>
</tbody>
</table>

(2) Dividends with a shareholders’ cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year:

<table>
<thead>
<tr>
<th>Date of approval</th>
<th>Resolution approved by</th>
<th>Type of shares</th>
<th>Amount (Millions of Yen)</th>
<th>Amount (Thousands of U.S. dollars)</th>
<th>Amount per share (Yen)</th>
<th>Amount per share (U.S. dollars)</th>
<th>Shareholders’ cut-off date</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 28, 2012</td>
<td>Annual general meeting of shareholders</td>
<td>Common stock</td>
<td>901</td>
<td>10,970</td>
<td>2.5</td>
<td>$0.03</td>
<td>March 31, 2012</td>
<td>June 29, 2012</td>
</tr>
</tbody>
</table>

23. Investment and Rental Property

The Companies own office buildings (including land) for rent in Tokyo and other districts. Profits generated from these investments and rental properties were ¥5,146 million and ¥5,486 million ($66,797 thousand) for the fiscal year ended March 31, 2011 and 2012, respectively. Majority of rental revenues were recorded in Net Sales and majority of rental costs were recorded in Cost of sales in the Consolidated Statements of Income.

The investment and rental property at March 31, 2011 and 2012, including in the Consolidated Balance Sheets and respective increases and decreases fair value are as follows:

For the Year Ended March 31, 2011

<table>
<thead>
<tr>
<th>Amounts in the consolidated balance sheet(*1)</th>
<th>Balance at beginning of year</th>
<th>Increase and decrease in property during the year(*2)</th>
<th>Balance at end of year(*3)</th>
<th>Fair value at end of year(*3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millions of yen</td>
<td>¥46,273</td>
<td>¥(2,048)</td>
<td>¥44,225</td>
<td>¥107,371</td>
</tr>
</tbody>
</table>

(*1) Amounts in the consolidated balance sheet were computed based on acquisition costs after deducting accumulated depreciation and impairment charges.

(*2) The primarily decrease in property during the year includes the depreciation of office buildings for rent (¥2,658 million).

(*3) Fair value at end of year was primarily based on “Real Estate Appraisal Standards”.

For the Year Ended March 31, 2012

<table>
<thead>
<tr>
<th>Amounts in the consolidated balance sheet(*1)</th>
<th>Balance at beginning of year</th>
<th>Increase and decrease in property during the year(*2)</th>
<th>Balance at end of year(*3)</th>
<th>Fair value at end of year(*3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millions of yen</td>
<td>¥44,225</td>
<td>(¥1,609)</td>
<td>¥42,615</td>
<td>¥111,255</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amounts in the consolidated balance sheet(*1)</th>
<th>Balance at beginning of year</th>
<th>Increase and decrease in property during the year(*2)</th>
<th>Balance at end of year(*3)</th>
<th>Fair value at end of year(*3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thousands of U.S. dollars</td>
<td>$538,476</td>
<td>$19,591</td>
<td>$518,873</td>
<td>$1,354,621</td>
</tr>
</tbody>
</table>

(*1) Amounts in the consolidated balance sheet were computed based on acquisition costs after deducting accumulated depreciation and impairment charges.

(*2) The primarily decrease in property during the year includes the depreciation of office buildings for rent (¥2,416 million,(US)$29,417 thousand).

(*3) Fair value at end of year was primarily based on “Real Estate Appraisal Standards”.

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24. Segment Information

(Segment Information)

1. Summary of reporting segments

The Group's reporting segments are components of the Group for which separate financial statements are available that are regularly evaluated by the management in deciding how to allocate the management resources and in assessing performance. The Group classifies its reporting segments into the five categories of "Telecommunications," "Electronics & Auto," "Metal Cable & Systems," "Real Estate" and "Other Business," taking into consideration the similarities of production etc.

Definitions of the five segments for the year ended March 31, 2012 are as follows:

The Telecommunications segment deals with optical fiber cables, splicers, etc.
The Electronics & Auto segment deals with PCCs, electric wire, automobile parts, etc.
The Metal Cable & Systems segment deals with telecommunication cables, power cables, control/instrumentation cables, magnetic wire, construction, etc.
The Real estate segment deals with real estate, rentals of commercial properties, etc.
The Other segment deals with warehousing/transportation, other services, etc.

2. Basis of calculation for sales, profits or losses, assets, liabilities and other items by reporting segments

"Notes to the Consolidated Financial Statements."

Profits by reporting segment are based on operating income.

Inter-segment sales / transfers are based on actual market prices.

3. Information on sales, profit or loss, assets, liabilities, and other items by reporting segment

For the year ended March 31, 2011

<table>
<thead>
<tr>
<th>Reporting segments</th>
<th>Telecommunications</th>
<th>Electronics &amp; auto</th>
<th>Metal Cable &amp; Systems</th>
<th>Real estate</th>
<th>Other</th>
<th>Total</th>
<th>adjustment</th>
<th>Consolidated total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to outside customers</td>
<td>¥112,358</td>
<td>¥195,117</td>
<td>¥195,400</td>
<td>¥11,453</td>
<td>¥7,501</td>
<td>¥521,832</td>
<td>¥521,832</td>
<td></td>
</tr>
<tr>
<td>Inter-segment sales</td>
<td>103</td>
<td>107</td>
<td>2,672</td>
<td>8</td>
<td>7,352</td>
<td>10,334</td>
<td>(10,334)</td>
<td></td>
</tr>
<tr>
<td>Total sales</td>
<td>112,551</td>
<td>195,225</td>
<td>198,073</td>
<td>11,462</td>
<td>14,854</td>
<td>532,166</td>
<td>(10,334)</td>
<td></td>
</tr>
<tr>
<td>Segment profit (loss)</td>
<td>12,357</td>
<td>(175)</td>
<td>257</td>
<td>4,840</td>
<td>437</td>
<td>17,203</td>
<td>(311)</td>
<td></td>
</tr>
<tr>
<td>Segment total assets</td>
<td>143,698</td>
<td>203,817</td>
<td>105,930</td>
<td>49,306</td>
<td>10,298</td>
<td>361,439</td>
<td>114,008</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>4,745</td>
<td>12,582</td>
<td>3,122</td>
<td>2,845</td>
<td>445</td>
<td>23,710</td>
<td>2,181</td>
<td></td>
</tr>
<tr>
<td>Impairment losses</td>
<td>(18)</td>
<td>139</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>157</td>
<td>176</td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>¥5,698</td>
<td>¥10,229</td>
<td>¥2,105</td>
<td>¥839</td>
<td>¥327</td>
<td>¥19,201</td>
<td>¥2,054</td>
<td></td>
</tr>
</tbody>
</table>

Notes:

The adjustment of a loss of 311 million yen in "Segment profit (loss)" represents elimination of inter-segment transactions.

The adjustment of 114,988 million yen in "Segment total assets" represents elimination of inter-segment transactions common assets not allocated to each reporting segment 158,581 million yen elimination of inter-segment transactions common assets not allocated to each reporting segment 41,593 million yen.

Common assets mainly consisted of assets related to investment securities, research and development and administrative divisions of Company.

The adjustment of 2,181 million yen to "Depreciation and amortization" represents depreciation and amortization associated with common assets.

The adjustment of 18 million yen to an increase in common assets.

The adjustment of 2,954 million yen (US$ 35,967 thousand) to "Capital expenditures" represents an increase in common assets.

Segment profit (loss) is reconciled with operating income reported in the Consolidated Statements of Income.

For the year ended March 31, 2012

<table>
<thead>
<tr>
<th>Reporting segments</th>
<th>Telecommunications</th>
<th>Electronics &amp; auto</th>
<th>Metal Cable &amp; Systems</th>
<th>Real estate</th>
<th>Other</th>
<th>Total</th>
<th>adjustment</th>
<th>Consolidated total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to outside customers</td>
<td>¥106,022</td>
<td>¥182,107</td>
<td>¥201,961</td>
<td>¥10,934</td>
<td>¥8,054</td>
<td>¥509,081</td>
<td>¥509,081</td>
<td></td>
</tr>
<tr>
<td>Inter-segment sales</td>
<td>104</td>
<td>1,103</td>
<td>2</td>
<td>7,211</td>
<td>8,643</td>
<td>(8,643)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total sales</td>
<td>106,186</td>
<td>183,210</td>
<td>203,086</td>
<td>10,936</td>
<td>15,266</td>
<td>517,725</td>
<td>(8,643)</td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td>82,783</td>
<td>11,043</td>
<td>4,371</td>
<td>61,330</td>
<td>8,426</td>
<td>167,978</td>
<td>(5,016)</td>
<td></td>
</tr>
<tr>
<td>Segment total assets</td>
<td>125,849</td>
<td>125,871</td>
<td>115,830</td>
<td>48,898</td>
<td>10,216</td>
<td>357,400</td>
<td>132,028</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>4,951</td>
<td>11,230</td>
<td>3,081</td>
<td>2,484</td>
<td>368</td>
<td>22,116</td>
<td>2,213</td>
<td></td>
</tr>
<tr>
<td>Impairment losses</td>
<td>234</td>
<td>2,203</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,438</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>¥4,416</td>
<td>¥17,009</td>
<td>¥3,274</td>
<td>¥1,597</td>
<td>¥1,728</td>
<td>¥23,026</td>
<td>¥2,954</td>
<td></td>
</tr>
</tbody>
</table>

Business segments

<table>
<thead>
<tr>
<th>Reporting segments</th>
<th>Telecommunications</th>
<th>Electronics &amp; auto</th>
<th>Metal Cable &amp; Systems</th>
<th>Real estate</th>
<th>Other</th>
<th>Total</th>
<th>adjustment</th>
<th>Consolidated total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to outside customers</td>
<td>$1,290,905</td>
<td>$2,217,314</td>
<td>$2,459,041</td>
<td>$133,130</td>
<td>$96,504</td>
<td>$6,198,678</td>
<td>$6,198,678</td>
<td></td>
</tr>
<tr>
<td>Inter-segment sales</td>
<td>1,997</td>
<td>13,430</td>
<td>13,430</td>
<td>87,800</td>
<td>105,236</td>
<td>(105,236)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total sales</td>
<td>1,292,901</td>
<td>2,219,286</td>
<td>2,472,483</td>
<td>133,167</td>
<td>185,876</td>
<td>6,303,726</td>
<td>(105,236)</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>82,783</td>
<td>11,043</td>
<td>4,371</td>
<td>61,330</td>
<td>8,426</td>
<td>167,978</td>
<td>(5,016)</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>762,681</td>
<td>1,202,644</td>
<td>1,470,386</td>
<td>531,319</td>
<td>124,388</td>
<td>4,352,249</td>
<td>1,607,549</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>60,362</td>
<td>136,734</td>
<td>37,514</td>
<td>30,245</td>
<td>4,481</td>
<td>269,280</td>
<td>26,945</td>
<td></td>
</tr>
<tr>
<td>Impairment losses</td>
<td>2,849</td>
<td>26,824</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>29,685</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$65,944</td>
<td>$214,404</td>
<td>$39,864</td>
<td>$19,445</td>
<td>$1,559</td>
<td>$619,878</td>
<td>$30,967</td>
<td></td>
</tr>
</tbody>
</table>

Notes:

Adjustment of a loss of 412 million yen (US$ 5,016 thousand) in "Segment profit (loss)" represents elimination of inter-segment transactions.

The adjustment of 132,028 million yen (US$ 1,607,549 thousand) in "Segment total assets" represents common assets not allocated to each reporting segment 173,322 million yen (US$ 2,110,337 thousand) and elimination of inter-segment transactions 41,293 million yen (US$ 502,776 thousand).

Common assets mainly consisted of assets related to investment securities, research and development and administrative divisions of Company.

The adjustment of 2,954 million yen (US$ 35,967 thousand) to "Capital expenditures" represents an increase in common assets.

Segment profit (loss) is reconciled with operating income reported in the Consolidated Statements of Income.
(Geographical segment information)

### Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Japan</th>
<th>China</th>
<th>U.S.</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>¥307,595</td>
<td>¥60,199</td>
<td>¥49,450</td>
<td>¥99,687</td>
<td>¥521,832</td>
</tr>
</tbody>
</table>

### Tangible fixed assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Japan</th>
<th>Thailand</th>
<th>China</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>¥102,378</td>
<td>¥25,903</td>
<td>¥11,839</td>
<td>¥9,012</td>
<td>¥149,133</td>
</tr>
</tbody>
</table>

### Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Japan</th>
<th>China</th>
<th>U.S.</th>
<th>Others</th>
<th>Total</th>
<th>Japan</th>
<th>China</th>
<th>U.S.</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>¥286,482</td>
<td>¥63,946</td>
<td>¥51,557</td>
<td>¥107,094</td>
<td>¥509,081</td>
<td>$3,488,153</td>
<td>$778,595</td>
<td>$627,749</td>
<td>$1,303,957</td>
<td>$6,198,478</td>
</tr>
</tbody>
</table>

### Tangible fixed assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Japan</th>
<th>Thailand</th>
<th>China</th>
<th>Others</th>
<th>Total</th>
<th>Japan</th>
<th>Thailand</th>
<th>China</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>¥99,393</td>
<td>¥22,817</td>
<td>¥15,416</td>
<td>¥9,993</td>
<td>¥147,620</td>
<td>$1,210,191</td>
<td>$277,816</td>
<td>$187,702</td>
<td>$121,673</td>
<td>$1,797,394</td>
</tr>
</tbody>
</table>

(Major customer information)

This information has been omitted as there were no customers whom the Group individually recorded external sales representing 10% or more of consolidated net sales for the year ended March 31, 2011 and 2012.
## 25. Related Party Transactions

The tables below summarize the related part transactions with unconsolidated affiliated companies and affiliated companies accounted for using the equity method for the year ended March 31:

### 2011

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Name of company</th>
<th>Location</th>
<th>Paid-in-Capital or Advance</th>
<th>Description of business</th>
<th>Share of voting rights (%)</th>
<th>Relations with related parties</th>
<th>Description of transaction</th>
<th>Amount of transactions (Note 4)</th>
<th>Financial statement line-item</th>
<th>Amount outstanding at end of year (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affiliated company</td>
<td>VISCAS Corporation</td>
<td>Shinagawa, Tokyo</td>
<td>12,100</td>
<td>Metal cable and systems</td>
<td>Directly owned (50%)</td>
<td>Supply of raw materials from the Company and sales of products to the Company</td>
<td>Concurrent service as director</td>
<td>7,907</td>
<td>Other current assets</td>
<td>4,727</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9,026</td>
<td>Accounts payable</td>
<td>3,871</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8,165</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Affiliated company</td>
<td>Unimac Ltd.</td>
<td>Inabe, Mie</td>
<td>480</td>
<td>Metal cable and systems</td>
<td>Directly owned (45%)</td>
<td>Supply of raw materials from the Company and sales of products to the Company</td>
<td>Supply of raw materials (Note 2)</td>
<td>7,202</td>
<td>Accounts receivable</td>
<td>3,746</td>
</tr>
</tbody>
</table>

### 2012

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Name of company</th>
<th>Location</th>
<th>Paid-in-Capital or Advance</th>
<th>Description of business</th>
<th>Share of voting rights (%)</th>
<th>Relations with related parties</th>
<th>Description of transaction</th>
<th>Amount of transactions (Note 4)</th>
<th>Financial statement line-item</th>
<th>Amount outstanding at end of year (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affiliated company</td>
<td>VISCAS Corporation</td>
<td>Shinagawa, Tokyo</td>
<td>12,100</td>
<td>Metal cable and systems</td>
<td>Directly owned (50%)</td>
<td>Supply of raw materials from the Company and sales of products to the Company</td>
<td>Supply of raw materials for value (Note 1) Purchase of raw materials (Note 2) Guarantees (Note 3)</td>
<td>8,706</td>
<td>Other current assets</td>
<td>3,979</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10,599</td>
<td>Accounts payable</td>
<td>3,597</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5,990</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Affiliated company</td>
<td>Unimac Ltd.</td>
<td>Inabe, Mie</td>
<td>480</td>
<td>Metal cable and systems</td>
<td>Directly owned (45%)</td>
<td>Supply of raw materials from the Company and sales of products to the Company</td>
<td>Supply of raw materials (Note 2)</td>
<td>7,188</td>
<td>Accounts receivable</td>
<td>3,611</td>
</tr>
</tbody>
</table>

### 2012

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Name of company</th>
<th>Location</th>
<th>Paid-in-Capital or Advance</th>
<th>Description of business</th>
<th>Share of voting rights (%)</th>
<th>Relations with related parties</th>
<th>Description of transaction</th>
<th>Amount of transactions (Note 4)</th>
<th>Financial statement line-item</th>
<th>Amount outstanding at end of year (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affiliated company</td>
<td>VISCAS Corporation</td>
<td>Shinagawa, Tokyo</td>
<td>147,327</td>
<td>Metal cable and systems</td>
<td>Directly owned (50%)</td>
<td>Supply of raw materials from the Company and sales of products to the Company</td>
<td>Supply of raw materials for value (Note 1) Purchase of raw materials (Note 2) Guarantees (Note 3)</td>
<td>106,003</td>
<td>Other current assets</td>
<td>48,446</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>129,052</td>
<td>Accounts payable</td>
<td>43,796</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>72,933</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Affiliated company</td>
<td>Unimac Ltd.</td>
<td>Inabe, Mie</td>
<td>5,844</td>
<td>Metal cable and systems</td>
<td>Directly owned (45%)</td>
<td>Supply of raw materials from the Company and sales of products to the Company</td>
<td>Supply of raw materials (Note 2)</td>
<td>87,495</td>
<td>Accounts receivable</td>
<td>43,967</td>
</tr>
</tbody>
</table>

Terms and conditions of the above transactions and the policy to determine the terms and conditions:

(Note) 1. For supply of raw materials for value, terms and conditions were determined with consideration of market prices.
2. For purchase and supply of raw materials, terms and conditions were determined based on calculation reference to market prices and negotiation for each transactions.
3. The Company provided guarantees for borrowings from banks and for fulfillment of contracts.
4. Consumption taxes are not included in the amounts of transactions but is included in the amount outstanding at year-end.
26. Per share information

<table>
<thead>
<tr>
<th>Per share:</th>
<th>Yen</th>
<th>U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 2012 2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income (loss) – primary</td>
<td>¥26.0</td>
<td>(¥17.3)</td>
</tr>
<tr>
<td>Net income (loss) – fully diluted</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>6.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Net assets per share</td>
<td>502.9</td>
<td>478.1</td>
</tr>
</tbody>
</table>

Basis for computation of per share data:

<table>
<thead>
<tr>
<th>Basis for computation of per share data:</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 2012 2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>¥9,383</td>
<td>($6,232)</td>
</tr>
<tr>
<td>Net income (loss) attributable to common shareholders</td>
<td>¥9,383</td>
<td>($6,232)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Thousands of shares</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of weighted average shares</td>
<td>360,556</td>
<td>360,527</td>
</tr>
</tbody>
</table>

27. Subsequent Events

There are no subsequent events.
Independent Auditor's Report

To the Board of Directors of Fujikura Ltd.

We have audited the accompanying consolidated financial statements of Fujikura Ltd. ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2012, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience translation
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

PricewaterhouseCoopers Aorata
July 6, 2012

PricewaterhouseCoopers Aorata
Sumitomo Fudosan Shiodome Hamarikyu Bldg., 8-1-1 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel: +81 (3) 3546 8450, F: +81 (3) 3546 8451, www.pwc.com/jp/assurance
## Global Network

<table>
<thead>
<tr>
<th>Region</th>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.A</td>
<td>❶ Fujikura America, Inc.</td>
</tr>
<tr>
<td></td>
<td>❷ America Fujikura Ltd.</td>
</tr>
<tr>
<td></td>
<td>❸ AFL Telecommunications LLC.</td>
</tr>
<tr>
<td></td>
<td>❹ Fujikura Automotive America LLC.</td>
</tr>
<tr>
<td></td>
<td>➋ Nistica Inc.</td>
</tr>
<tr>
<td>Mexico</td>
<td>❶ Fujikura Automotive Mexico, S. de R.L. de C.V.</td>
</tr>
<tr>
<td></td>
<td>➋ AFL Telecommunications de Mexico, S. de R.L. de C.V.</td>
</tr>
<tr>
<td>South America</td>
<td>❶ Fujikura Automotive Paraguay S.A.</td>
</tr>
<tr>
<td>China</td>
<td>❶ Fujikura (China) Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>Fujikura Electronics Shanghai Ltd.</td>
</tr>
<tr>
<td></td>
<td>DDK (Shanghai) Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>Fujikura Hengtong Aerial Cable System Ltd.</td>
</tr>
<tr>
<td></td>
<td>Shanghai Fujikura Grandway Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>➋ Nanjing Fujikura Fiberhome Optical Cable Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>➋ Fujikura Fiber-Home Opto-Electronics Material Technology Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>➋ Fujikura Changchun Ltd.</td>
</tr>
<tr>
<td></td>
<td>➋ Fujikura Zuhai Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>➋ Yonezawa Electric Wire (Guangzhou) Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>➋ Fujikura Hong Kong Ltd.</td>
</tr>
<tr>
<td>Korea</td>
<td>❶ Fujikura Korea Automotive Ltd.</td>
</tr>
<tr>
<td>Thailand</td>
<td>❶ Fujikura Electronics (Thailand) Ltd.</td>
</tr>
<tr>
<td></td>
<td>DDK (Thailand) Ltd.</td>
</tr>
<tr>
<td></td>
<td>Yoneden (Thailand) Ltd.</td>
</tr>
<tr>
<td></td>
<td>Fujikura Malaysia Sdn. Bhd.</td>
</tr>
<tr>
<td></td>
<td>ⷿ Fujikura Asia Ltd.</td>
</tr>
<tr>
<td></td>
<td>ⷿ Fujikura Fiber Optics Vietnam Ltd.</td>
</tr>
<tr>
<td></td>
<td>Fujikura Electronics Vietnam Ltd.</td>
</tr>
<tr>
<td></td>
<td>DDK VIETNAM LTD.</td>
</tr>
<tr>
<td></td>
<td>YONEZAWA VIETNAM LTD.</td>
</tr>
<tr>
<td>Europe</td>
<td>❶ Fujikura Europe Ltd.</td>
</tr>
<tr>
<td></td>
<td>AFL Telecommunications Europe Ltd.</td>
</tr>
<tr>
<td></td>
<td>ⷿ Fujikura Automotive Europe GmbH</td>
</tr>
<tr>
<td></td>
<td>ⷿ Fujikura Automotive Europe S.A.U.</td>
</tr>
<tr>
<td></td>
<td>ⷿ Fujikura Automotive Romania, S.R.L.</td>
</tr>
<tr>
<td></td>
<td>ⷿ Fujikura Automotive Morocco, S.A.</td>
</tr>
<tr>
<td></td>
<td>ⷿ Joint Stock Company Moskabel-Fujikura</td>
</tr>
</tbody>
</table>

Note: Please refer to the following for information about Fujikura’s Global Network:
http://www.fujikura.co.jp/eng/corporate/network-o1.html
Main Consolidated Subsidiaries

As of March 31, 2012

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Equity Ownership Percentage, Including Indirect Ownership</th>
<th>Paid-in Capital (Millions)</th>
<th>Major Line of Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nishi Nippon Electric Wire &amp; Cable Co., Ltd.</td>
<td>60.7%</td>
<td>¥960</td>
<td>Optical fiber cables, optical fiber cables with connectors, electric wires and cables</td>
</tr>
<tr>
<td>Yonezawa Electric Wire Co., Ltd.</td>
<td>92.8%</td>
<td>¥1,022</td>
<td>Optical fiber cables and optical connection parts, automotive wire harnesses, electric wires and cables</td>
</tr>
<tr>
<td>DDK Ltd.</td>
<td>86.6%</td>
<td>¥1,075</td>
<td>Connectors</td>
</tr>
<tr>
<td>America Fujikura Ltd.</td>
<td>100.0%</td>
<td>US$102</td>
<td>Optical fibers cable, arc fusion splicers, optical measuring instruments, optical fibers and cables with connectors and optical parts, automotive wire harnesses, OPGWs and engineering</td>
</tr>
<tr>
<td>Fujikura Electronics (Thailand) Ltd.</td>
<td>100.0%</td>
<td>THB11,552</td>
<td>FPCs, various electronic wires, heat sinks, micro heat pipes, optical connectors, optical couplers, HDD components, membrane switches and coil assemblies</td>
</tr>
<tr>
<td>Fujikura Zhuhai Co., Ltd.</td>
<td>96.4%</td>
<td>RMB884</td>
<td>Automotive wire harnesses and components</td>
</tr>
<tr>
<td>Fujikura Electronics Shanghai Ltd.</td>
<td>100.0%</td>
<td>RMB97</td>
<td>Assembling of FPCs</td>
</tr>
<tr>
<td>Fujikura Automotive Europe S.A.U.</td>
<td>100.0%</td>
<td>EUR10</td>
<td>Automotive wire harnesses and components</td>
</tr>
<tr>
<td>DDK (Thailand) Ltd.</td>
<td>86.6%</td>
<td>THB11,730</td>
<td>Connectors</td>
</tr>
<tr>
<td>Shinshiro Cable, Ltd.</td>
<td>60.7%</td>
<td>¥480</td>
<td>Electric wires and cables</td>
</tr>
</tbody>
</table>

Investor Information

As of March 31, 2012

- **Head Office**
  5-1, Kiba 1-chome, Koto-ku, Tokyo 135-8512, Japan
  URL: www.fujikura.co.jp/eng

- **Year of Foundation**
  1885

- **Date of Incorporation**
  March 18, 1910

- **Common Stock**
  Authorized: 1,190,080,000 shares
  Issued: 360,863,421 shares
  Capital: ¥53,075,807,507

- **Number of Shareholders**
  34,888

- **Independent Auditors**
  PricewaterhouseCoopers Aarata

- **Further information**
  For further information on this Annual Report, please contact the Investor Relations Group at the Head Office.

- **Contact**
  Investor Relations Group
  Tel: +81-03-5606-1112
  Fax: +81-03-5606-1501
  E-mail: wwwadmin@fujikura.co.jp

- **Major Shareholders**

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Number of Shares Held (Thousands)</th>
<th>Ratio of Shareholding (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust account)</td>
<td>34,449</td>
<td>9.55</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>21,618</td>
<td>5.99</td>
</tr>
<tr>
<td>BBH Vanguard International Value Fund Edinburgh</td>
<td>10,417</td>
<td>2.88</td>
</tr>
<tr>
<td>Mitsui Life Insurance Company Limited</td>
<td>10,192</td>
<td>2.82</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Account of Retirement Benefit Trust for the Chuo Mitsui Trust and Banking Company, Limited)</td>
<td>9,777</td>
<td>2.71</td>
</tr>
<tr>
<td>Sumitomo Mitsui Banking Corporation</td>
<td>8,456</td>
<td>2.34</td>
</tr>
<tr>
<td>The Shizuoka Bank, Ltd.</td>
<td>7,713</td>
<td>2.13</td>
</tr>
<tr>
<td>Mitsui Sumitomo Insurance Co., Ltd.</td>
<td>6,891</td>
<td>1.91</td>
</tr>
<tr>
<td>Dowa Metals &amp; Mining Co., Ltd.</td>
<td>6,563</td>
<td>1.82</td>
</tr>
<tr>
<td>CBNY DFA INTL SMALL CAP VALUE PORTFOLIO</td>
<td>6,266</td>
<td>1.73</td>
</tr>
</tbody>
</table>
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*Awabuki (Sweet Viburnum) tree commemorating the founding of the Company*

Even after 130 years with Fujikura, we still treat it with great care.