CONSOLIDATED FINANCIAL STATEMENTS
FURUKAWA ELECTRIC CO., LTD. AND
ITS SUBSIDIARIES
March 31, 2012 and 2011

CONSOLIDATED BALANCE SHEETS
FURUKAWA ELECTRIC CO., LTD. AND
ITS SUBSIDIARIES
At March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
ASSETS			
Current assets:			
Cash and bank deposits (Notes 4 and 9)	¥ 33,246	¥ 41,899	$ 405,439
Marketable securities (Note 5)	114	114	1,390
Trade receivable	221,998	227,148	2,707,293
Inventories (Note 6)	94,889	99,907	1,157,183
Deferred income taxes (Note 16)	6,732	7,753	82,098
Other current assets	34,014	44,771	414,805
Allowance for doubtful accounts	(897)	(1,784)	(10,939)
Total current assets	390,096	419,808	4,757,269
Non-current assets:			
Investments and long-term loans (Notes 5, 7 and 9)	103,368	95,953	1,260,585
Property, plant and equipment, net of accumulated depreciation (Notes 8, 9 and 15)	262,126	273,025	3,196,659
Deferred income taxes (Note 16)	10,681	12,643	130,256
Other assets	26,312	29,101	320,878
Allowance for doubtful accounts	(2,468)	(3,586)	(30,098)
Total non-current assets	400,019	407,136	4,878,280
Total	¥ 790,115	¥ 826,944	$ 9,635,549

	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 3) 2012
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt (Note 9)	¥ 141,857	¥ 128,552	$ 1,729,963
Current portion of bonds (Note 9)	16,562	24,199	201,976
Trade payable	122,000	120,873	1,487,805
Customers' advances	3,463	2,782	42,232
Accrued income taxes	1,117	3,718	13,622
Deferred income taxes (Note 16)	30	56	366
Provision for product defect compensation(Note 2h)	1,587	2,266	19,354
Provision for loss on disaster(Note 2j)	262	1,512	3,195
Other current liabilities	58,828	54,903	717,414
Total current liabilities	345,706	338,861	4,215,927
Long-term liabilities :			
Bonds(Note 9)	22,547	28,866	274,963
Long-term debt (Note 9)	144,254	160,002	1,759,195
Accrued retirement benefits (Note 10)	57,566	59,062	702,024
Provision for environmental costs (Note 2i)	12,141	12,018	148,061
Asset retirement obligation	1,214	1,321	14,805
Deferred income taxes (Note 16)	746	207	9,098
Other long-term liabilities	8,372	10,702	102,098
Total long-term liabilities	246,840	272,178	3,010,244
Contingent liabilities (Note 12)			
Net assets			
Shareholders' equity (Note 11)			
Common stock Authorized shares, 2,500,000 thousand in 2012 and 2011 Issued shares, 706,669 thousand in 2012 and 2011	69,395	69,395	846,280
Capital surplus	21,468	21,468	261,805
Retained earnings	72,482	87,007	883,927
Common treasury stock, at cost 444 thousand in 2012 438 thousand in 2011	(274)	(271)	(3,341)
Total shareholders' equity	163,071	177,599	1,988,671
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities (Note 5)	11,548	14,222	140,829
Deferred gain or loss on derivatives under hedge accounting (Note 2c)	590	638	7,195
Adjustments for retirement benefits of an overseas subsidiary	(4,057)	(3,617)	(49,476)
Foreign currency translation adjustments	(26,457)	(22,873)	(322,646)
Total accumulated other comprehensive income	(18,376)	(11,630)	(224,098)
Minority interests	52,874	49,936	644,805
Total net assets	197,569	215,905	2,409,378
Total	¥ 790,115	¥ 826,944	$ 9,635,549

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
FURUKAWA ELECTRIC CO., LTD. AND ITS SUBSIDIARIES
For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Net sales	¥ 918,808	¥ 925,754	$ 11,204,976
Cost of sales (Note 14)	786,952	773,499	9,596,976
Gross profit	131,856	152,255	1,608,000
Selling, general and administrative expenses (Note 14)	115,909	117,111	1,413,524
Operating income	15,947	35,144	194,476
Other income (expenses):			
Interest and dividend income	2,312	2,368	28,195
Interest expense	(5,240)	(6,012)	(63,902)
Foreign exchange loss, net	(86)	(529)	(1,049)
Gain on sales of investment securities (Note 5)	5,655	2,287	68,963
Loss on write-down of investment securities	(575)	(3,466)	(7,012)
Reversal of provision for doubtful accounts	364	1,508	4,439
Gain on disposal of property, plant and equipment	8,371	1,270	102,085
Loss on disposal of property, plant and equipment	(1,419)	(543)	(17,305)
Impairment loss (Notes 2r and 15)	(2,025)	(2,410)	(24,695)
Charges for violating U.S. antitrust law	(15,296)	-	(186,537)
Business restructuring costs	(1,740)	(700)	(21,219)
Equity in income of non-consolidated subsidiaries and affiliates	126	634	1,537
Loss on adjustment for changes of accounting standards for asset retirement obligations	-	(1,235)	-
Loss on disaster (Note 2j)	-	(2,613)	-
Other, net	(4,459)	(2,117)	(54,378)
	(14,012)	(11,558)	(170,878)
Income before income taxes and minority interests	1,935	23,586	23,598
Income taxes (Note 16) :			
Current	5,608	6,826	68,390
Deferred	5,889	(1,404)	71,817
	11,497	5,422	140,207
Net (loss) income before minority interests	(9,562)	18,164	(116,609)
Minority interests in earning of consolidated subsidiaries	1,561	5,951	19,037
Net (loss) income	¥ (11,123)	¥ 12,213	$ (135,646)

	Yen		U.S. dollars
	2012	2011	2012
Per common share (Notes 2p and q)			
Basic net (loss) income	¥ (15.75)	¥ 17.30	$ (0.19)
Diluted net income	-	-	-
Cash dividends	¥ 2.50	¥ 5.50	$ 0.03

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHEMSIVE INCOME

FURUKAWA ELECTRIC CO., LTD. AND
ITS SUBSIDIARIES

For the years ended March 31, 2012 and 2011

		Millions of yen			Thousands of U.S. dollars (Note 3)
		2012		2011	2012
Net (loss) income before minority interests	¥	(9,562)	¥	18,164	$ (116,609)
Other comprehensive income					
Unrealized gain on available-for-sale securities		(2,655)		(2,256)	(32,378)
Deferred gain or loss on derivatives under hedge accounting		34		(403)	414
Adjustments for retirement benefits of an overseas subsidiary		(444)		1,535	(5,415)
Foreign currency translation adjustments		(3,440)		(6,038)	(41,951)
Share of other comprehensive income of affiliates accounted for by the equity method		(912)		(623)	(11,122)
Total other comprehensive income (Note 17)		(7,417)		(7,785)	(90,452)
Comprehensive income (Note 17)	¥	(16,979)	¥	10,379	$ (207,061)
Attributable to :					
Shareholders of the parent company	¥	(17,743)	¥	4,889	$ (216,378)
Minority interests	¥	764	¥	5,490	$ 9,317

See accompanying notes to consolidated financial statements.

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

(For the years ended March 31, 2012)

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

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

	Thousands of U.S. dollars (Note 3)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Common treasury stock	Total Shareholders' equity
Balance at April 1, 2011	$ 846,280	$ 261,805	$ 1,061,061	$ (3,305)	$ 2,165,841
Exercise of stock acquisition rights	-	-	-	-	-
Effect of decrease in exchange of equity interest	-	-	-	-	-
Cash dividends paid	-	-	(47,366)	-	(47,366)
Net loss	-	-	(135,646)	-	(135,646)
Net effect of increase in consolidated subsidiaries	-	-	5,890	-	5,890
Net effect of increase in affiliates accounted for by the equity method	-	-	(12)	-	(12)
Acquisition of treasury stock	-	-	-	(36)	(36)
Net change during the year	-	-	-	-	-
Balance at March 31, 2012	$ 846,280	$ 261,805	$ 883,927	$ (3,341)	$ 1,988,671

	Thousands of U.S. dollars (Note 3)						
	Accumulated other comprehensive income						
	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Adjustments for retirement enefits of an oversea subsidiary	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2011	$ 173,439	$ 7,780	$ (44,110)	$ (278,939)	$ (141,830)	$ 608,976	$ ########
Exercise of stock acquisition rights	-	-	-	-	-	-	-
Effect of decrease in exchange of equity interest	-	-	-	-	-	-	-
Cash dividends paid	-	-	-	-	-	-	(47,366)
Net loss	-	-	-	-	-	-	(135,646)
Net effect of increase in consolidated subsidiaries	-	-	-	-	-	-	5,890
Net effect of increase in affiliates accounted for by the equity method	-	-	-	-	-	-	(12)
Acquisition of treasury stock	-	-	-	-	-	-	(36)
Net change during the year	(32,610)	(585)	(5,366)	(43,707)	(82,268)	35,829	(46,439)
Balance at March 31, 2012	$ 140,829	$ 7,195	$ (49,476)	$ (322,646)	$ (224,098)	$ 644,805	$ ########

See accompanying notes to consolidated financial statements.

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

(For the year ended March 31, 2011)

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Common treasury stock	Total Shareholders' equity
Balance at April 1, 2010	¥ 69,395	¥ 21,468	¥ 71,988	¥ (236)	¥ 162,615
Exercise of stock acquisition rights	-	-	-	-	-
Effect of decrease in exchange of equity interest	-	-	-	-	-
Cash dividends paid	-	-	(3,531)	-	(3,531)
Net income	-	-	12,213	-	12,213
Net effect of increase in consolidated subsidiaries	-	-	(422)	-	(422)
Net effect of increase in affiliates accounted for by the equity method			1,594	-	1,594
Effect of increase in mergers of non-consolidated subsidiaries	-	-	13	-	13
Acquisition of treasury stock	-	-	-	(36)	(36)
Disposal of treasury stock	-	-	(0)	1	1
Transfer of adjustments for retirement benefits of an overseas subsidiary	-	-	5,152	-	5,152
Net change during the year	-	-	-	-	-
Balance at March 31, 2011	¥ 69,395	¥ 21,468	¥ 87,007	¥ (271)	¥ 177,599

	Millions of yen						
	Accumulated other comprehensive income						
	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Adjustments for retirement benefits of an oversea subsidiary	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2010	¥ 16,483	¥ 905	¥ -	¥ (16,586)	¥ 802	¥ 45,512	¥ 208,929
Exercise of stock acquisition rights	-	-	-	-	-	-	-
Effect of decrease in exchange of equity interest	-	-	-	-	-	-	-
Cash dividends paid	-	-	-	-	-	-	(3,531)
Net income	-	-	-	-	-	-	12,213
Net effect of increase in consolidated subsidiaries	-	-	-	-	-	-	(422)
Net effect of increase in affiliates accounted for by the equity method	-	-	-	-	-	-	1,594
Effect of increase in mergers of non-consolidated subsidiaries	-	-	-	-	-	-	13
Acquisition of treasury stock	-	-	-	-	-	-	(36)
Disposal of treasury stock	-	-	-	-	-	-	1
Transfer of adjustments for retirement benefits of an overseas subsidiary	-	-	(5,152)	-	(5,152)	-	0
Net change during the year	(2,261)	(267)	1,535	(6,287)	(7,280)	4,424	(2,856)
Balance at March 31, 2011	¥ 14,222	¥ 638	¥ (3,617)	¥ (22,873)	¥ (11,630)	¥ 49,936	¥ 215,905

See accompanying notes to consolidated financial statements.

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

For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 1,935	¥ 23,586	$ 23,598
Adjustments for:			
Depreciation and amortization	39,216	40,396	478,244
Gain on sales of marketable securities and investment securities	(4,973)	(2,158)	(60,646)
Equity in income of non-consolidated subsidiaries and affiliates	(126)	(634)	(1,537)
Gain on disposal of property, plant and equipment, net	(6,952)	(726)	(84,780)
Loss on write-down of inventories	1,594	554	19,439
Loss on write-down of investment securities	575	3,466	7,012
Impairment loss	2,025	2,410	24,695
Interest and dividend income	(2,312)	(2,368)	(28,195)
Interest expense	5,240	6,012	63,902
Foreign exchange loss, net	71	228	866
Decrease (increase) in trade receivable	4,728	(13,228)	57,659
Decrease (increase) in inventories	3,547	(15,720)	43,256
(Decrease) increase in trade payable	(833)	6,428	(10,159)
Decrease in accrued retirement benefits	(4,822)	(4,609)	(58,805)
Decrease in provision for environmental costs	(1,276)	(1,055)	(15,561)
Other, net	4,505	2,511	54,939
Subtotal	42,142	45,093	513,927
Interest and dividend income received	2,810	3,734	34,268
Interest expense paid	(5,357)	(6,086)	(65,329)
Income taxes paid	(8,821)	(5,620)	(107,573)
Net cash provided by operating activities	30,774	37,121	375,293
Cash flows from investing activities:			
Proceeds from sales of marketable securities	100	-	1,220
Purchase of property, plant and equipment	(30,641)	(23,088)	(373,671)
Purchase of intangible assets	(2,266)	(2,110)	(27,634)
Purchase of investment securities	(20,586)	(4,232)	(251,049)
Proceeds from sales of investment securities	8,595	4,530	104,817
Proceeds from sales of non-current assets	13,113	2,206	159,915
Decrease in short-term loan, net	11,280	1,235	137,561
Other	153	77	1,865
Net cash used in investing activities	(20,252)	(21,382)	(246,976)

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Cash flows from financing activities:			
(Decrease) increase in short-term debt, net	(1,234)	5,697	(15,049)
Proceeds from long-term debt	25,260	26,768	308,048
Repayment of long-term debt	(28,500)	(27,114)	(347,561)
Proceeds from issuance of bonds	10,270	10,200	125,243
Repayment of redemption of bonds	(24,227)	(31,878)	(295,451)
Proceeds from issuance of stock	-	192	-
Proceeds from minority shareholders	1,133	-	13,817
Cash dividends paid	(3,887)	(3,532)	(47,402)
Cash dividends paid to minority shareholders	(1,175)	(954)	(14,329)
Payments for purchase of common treasury stock	(1)	(4)	(12)
Proceeds from sales and leaseback of property, and equipment	-	2,295	-
Other	(484)	13	(5,902)
Net cash used in financing activities	(22,845)	(18,317)	(278,598)
Effect of exchange rate changes on cash and cash equivalents	(790)	(1,200)	(9,634)
Net decrease in cash and cash equivalents	(13,113)	(3,778)	(159,915)
Cash and cash equivalents at beginning of year	37,647	40,808	459,110
Cash and cash equivalents of newly consolidated subsidiaries	5,550	593	67,683
Net increase in cash and cash equivalents from mergers	-	24	-
Cash and cash equivalents at end of year (Note 4)	¥ 30,084	¥ 37,647	$ 366,878

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FURUKAWA ELECTRIC CO., LTD. AND
ITS SUBSIDIARIES

1. Basis of Presenting Consolidated Financial Statements

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

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

Effective April 1, 2008, the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical issues task Force (PITF) No.18) and effective April 1, 2010, the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for using Equity Method (PITF No.24) has been adopted.

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

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

2. Significant Accounting Policies

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its 116 major subsidiaries in 2012. All significant intercompany accounts and transactions have been eliminated in consolidation.

Investments in its 19 major affiliates in 2012, are accounted for by the equity method.

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

b) Cash and cash equivalents

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

c) Financial instruments

1) Debt and equity securities

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

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

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

2) Derivatives

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

Additional information on derivatives is presented in Note 19.

d) Allowance for doubtful accounts

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

e) Inventories

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

f) Property, plant and equipment, and depreciation

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

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

g) Accrued retirement benefits

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

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

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

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

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

h) Provision for product defect compensation

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

i) Provision for environmental costs

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

j) Provision for loss on disaster

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

k) Leases

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

l) Revenue recognition

Operating revenue is mainly recorded upon shipment of goods.

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

m) Research and development costs, and computer software

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

n) Income taxes

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

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

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

o) Translation of foreign currency accounts

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

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

p) Cash dividends

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

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

q) Net income per common share

The consolidated statements of income include "basic" and "diluted" per share information. Basic per share income is calculated by dividing net income by the weighted average number of shares of common stock outstanding during the respective years. The weighted average number of shares used in the calculation of basic net income per common share was 706,084 thousand and 706,093 thousand for the years ended March 31, 2012 and 2011, respectively. Diluted net income per share has not been presented for the years ended March 31, 2012 and 2011, since the Company has issued no dilutive potential shares.

r) Impairment of property, plant and equipment

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

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

s) Change in accounting policy

Effective this fiscal year, Furukawa Magnet Wire Co., Ltd., a consolidated subsidiary, changed the depreciation method of machinery from the declining-balance method to the straight-line method. This change was made for the purpose of better matching of revenue and expenses based on more appropriate cost allocation, since it is expected that future demand for magnet wires are stable and maintenance costs including repair costs incur stably based on past experiences, as a result of review of current usage etc. of the machinery after the integration of Magnet Wires business.
As a result of this change, operating income and net income before taxes increased by ¥385 million ($4,695 thousand), compared with previous method had been applied.

t) Additional Information

"Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24 issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24 issued on December 4, 2009) have been applied to accounting changes and corrections of prior period errors made after the beginning of the current fiscal year.

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥82 =U.S. $ 1, the approximate rate of exchange for the year ended March 31, 2012, has been used for the purpose of the translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

4. Cash Flow Information

Cash and cash equivalents at March 31, 2012 and 2011 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Cash and bank deposits	¥33,246	¥41,899	$ 405,439
Less, time deposits with an original maturity of more than 3 months	(3,175)	(4,266)	(38,720)
Highly liquid securities	13	14	159
Cash and cash equivalents	¥ 30,084	¥ 37,647	$ 366,878

5. Debt and Equity Securities

Investments in debt and equity securities that have a readily determinable fair value at March 31, 2012 and 2011 included in "Marketable securities" (Current assets) and in "Investments and long-term loans" (Non-current assets) are summarized as follows:

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

	Millions of yen			
	2011			
	Cost	Fair value	Gross unrealized gain	Gross unrealized loss
Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	¥ 1	¥ 1	¥ —	¥ —
Other debt securities	213	215	2	—
Total held-to-maturity debt securities	¥ 214	¥ 216	¥ 2	¥ —
Available-for-sale securities:				
Marketable equity securities	¥ 23,793	¥ 47,764	¥ 25,711	¥ 1,740
Other securities	7	4	—	3
Total available-for-sale securities	¥ 23,800	¥ 47,768	¥ 25,711	¥ 1,743

	Thousands of U.S. dollars			
	2012			
	Cost	Fair value	Gross unrealized gain	Gross unrealized loss
Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	$ 12	$ 12	$ —	$ —
Other debt securities	2,573	2,597	24	—
Total held-to-maturity debt securities	$ 2,585	$ 2,609	$ 24	$ —
Available-for-sale securities:				
Marketable equity securities	$ 265,890	$ 485,695	$ 244,829	$ (25,024)
Other securities	85	61	—	(24)
Total available-for-sale securities	$265,975	$ 485,756	$ 244,829	$ (25,048)

Proceeds from sales of available-for-sale securities for the years ended March 31, 2012 and 2011 were 6,957 million ($84,841 thousand) and ¥3,172 million, respectively.
The gross realized gains on those sales for the years ended March 31, 2012 and 2011 were ¥5,355 million ($65,305 thousand) and ¥2,287 million, respectively, and gross realized losses were ¥0 million ($0 thousand) and ¥13 million, respectively.
Impairment loss on available-for-sale securities with fair value amounted to ¥570 million ($6,951 thousand) and ¥2,641 million were recorded for the year ended March 31, 2012 and 2011, respectively.

6. Inventories

Inventories at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Finished goods	¥ 28,072	¥ 30,202	$ 342,342
Work in process	28,609	30,360	348,890
Raw materials and supplies	38,208	39,345	465,951
	¥ 94,889	¥ 99,907	$ 1,157,183

7. Investments and Long-term Loans

Investments and long-term loans at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Non-consolidated subsidiaries and affiliates	¥ 59,412	¥ 43,824	$ 724,536
Other	43,956	52,129	536,049
	¥ 103,368	¥ 95,953	$ 1,260,585

8. Property, Plant and Equipment

Property, plant and equipment at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Land	¥ 84,938	¥ 83,180	$ 1,035,829
Buildings	252,843	251,661	3,083,451
Machinery and equipment	719,298	711,442	8,771,927
Leased assets	1,579	1,358	19,256
Construction in progress	10,932	7,400	133,317
	1,069,590	1,055,041	13,043,780
Accumulated depreciation	(807,464)	(782,016)	(9,847,121)
	¥ 262,126	¥ 273,025	$ 3,196,659

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

Short-term debt represents notes payable to banks, most of which are unsecured, bank overdrafts commercial papers issued by the Company, and bearing interest at rates ranging from 0.339% to 10.700% and from 0.020% to 10.250% per annum at March 31, 2012 and 2011, respectively.

Bonds and Long-term debt at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
1.87% unsecured bonds due 2011	¥ -	20,000	$ -
1.76% unsecured bonds due 2012	10,000	10,000	121,951
1.28% unsecured bonds due 2012	5,000	5,000	60,976
1.11% unsecured bonds due 2011	-	2,000	-
1.56% unsecured bonds due 2014	2,000	2,000	24,390
0.69% unsecured bonds due 2015	10,000	10,000	121,951
0.77% unsecured bonds due 2016	10,000	-	121,951
Secured bonds issued by consolidated subsidiaries, due from 2012 to 2016 with interest rates ranging from 0.93% to 2.50%	2,109	4,066	25,719
Loans, principally from banks and insurance companies, due from 2013 to 2020 with interest rates ranging from 0.197% to 10.800% and predominantly collateralized	188,111	188,978	2,294,037
	227,220	242,044	2,770,975
Less: portion due within one year	60,419	53,176	736,817
	¥ 166,801	¥ 188,868	$ 2,034,158

At March 31, 2012, the following assets were pledged as collateral for short-term debt of ¥3,460 million ($42,195 thousand), long-term debt of ¥2,455 million ($29,939 thousand), bonds of ¥422 million ($5,146 thousand) and others of ¥409 million ($4,988 thousand) :

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Property, plant and equipment	¥ 13,449	$ 164,012
Investments in securities	703	8,573
Cash and bank deposits	154	1,878
	¥ 14,306	$ 174,463

At March 31, 2011, the following assets were pledged as collateral for short-term debt of ¥1,144 million, long-term debt of ¥2,248 million, bonds of ¥487 million and others of ¥484 million :

	Millions of yen
	2011
Property, plant and equipment	¥ 11,413
Investments in securities	141
Cash and bank deposits	154
	¥ 11,708

The aggregate annual maturities of the non-current portion of long-term debt and bonds at March 31, 2012 were as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2014	¥ 35,608	$ 434,244
2015	55,546	677,390
2016	29,218	356,317
2017	39,856	486,049
2018 and thereafter	6,573	80,158
	¥ 166,801	$ 2,034,158

10. Severance and Retirement Plans

The following table sets forth the retirement benefit obligation, plan assets and funded status of the Company and its domestic consolidated subsidiaries at March 31, 2012 and 2011:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Projected benefit obligation	¥114,105	¥111,302	$ 1,391,524
Fair value of plan assets	(42,909)	(36,064)	(523,281)
Benefit obligation in excess of plan assets	71,196	75,238	868,243
Unrecognized actuarial net loss	(12,614)	(15,004)	(153,829)
Unrecognized prior service costs	(1,016)	(1,172)	(12,390)
Net amount recognized	57,566	59,062	702,024
Prepaid pension costs	-	-	-
Accrued retirement benefits recognized in the consolidated balance sheets	¥ 57,566	¥ 59,062	$ 702,024

The severance and retirement benefit expenses of the Company and its consolidated subsidiaries included the following components for the years ended March 31, 2012 and 2011.

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Service costs	¥ 6,577	¥ 6,122	$ 80,207
Interest costs	2,270	2,396	27,683
Expected return on plan assets	(1,243)	(943)	(15,158)
Amortization of actuarial differences	2,778	2,707	33,878
Amortization of prior service costs	155	102	1,890
Retirement benefit expense	¥ 10,537	¥ 10,384	$ 128,500

Assumptions used in accounting for the employees' retirement benefit plans for the years ended March 31, 2012 and 2011 were as follows:

Discount rate	1.2 - 4.3% for 2012 and 1.2 - 4.8% for 2011
Expected rate of return on plan assets	2.0 - 8.6% for 2012 and 2.0 - 6.3% for 2011
Method of attributing the projected benefits to periods of service	Straight-line basis
Amortization of unrecognized prior service costs	1 - 15 years for 2012 and 1 -10 years for 2011
Amortization of unrecognized actuarial differences (amortization starts from the year following that year in which they arise)	1 - 15 years for 2012 and 1 - 14 years for 2011

11. Shareholders' Equity

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

(Dividends)
Dividend payment

Approvals by shareholders' meeting held on June 29, 2011 are as follows:

Type of shares	Common stock
Total amount of dividends	¥2,118 million ($25,829 thousand)
Dividends per share	¥3.0 ($0.037)
Record date	March 31, 2011
Effective date	June 30, 2011

Approvals by directors' meeting held on November 4, 2011 are as follows:

Type of shares	Common stock
Total amount of dividends	¥1,765 million ($21,524 thousand)
Dividends per share	¥2.5 ($0.030)
Record date	September 30, 2011
Effective date	December 2, 2011

12. Contingent Liabilities

Contingent liabilities at March 31, 2012 and 2011 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Notes endorsed	¥ -	¥ 11,118	$ -
Loans guaranteed (principally for non-consolidated subsidiaries and affiliates)	15,936	15,089	194,341
Repurchase obligation of the securitization of receivables	4,469	396	54,500
Total	¥ 20,405	¥ 26,603	$ 248,841

13. Leases

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

Lease rental expense for the years ended March 31, 2012 and 2011 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Lease rental expense	¥ 170	¥ 377	$ 2,073

The amounts of outstanding future lease payments at March 31, 2012 and 2011, which included the portion of interest thereon, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Future lease payments:			
Within one year	¥ 53	¥ 179	$ 646
Over one year	19	75	232
Total	¥ 72	¥ 254	$ 878

Acquisition cost, accumulated depreciation and net book value of the leased assets at March 31, 2012 and 2011, and depreciation expense for the years ended March 31, 2012 and 2011, assuming capitalization, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Acquisition cost	¥ 1,411	¥ 2,164	$ 17,207
Accumulated depreciation	(1,339)	(1,910)	(16,329)
Net book value	¥ 72	¥ 254	$ 878
Depreciation	¥ 170	¥ 377	$ 2,073

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

2) Operating lease transactions

(Lessees)
The amounts of outstanding future lease payments at March 31, 2012, under non-cancelable operating lease are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Future lease payments:			
Within one year	¥ 49	¥ 66	$ 598
Over one year	10	60	122
Total	¥ 59	¥ 126	$ 720

14. Research and Development Expenses

Research and development costs charged to income for the years ended March 31, 2012 and 2011 amounted to ¥ 18,949 million ($231,085 thousand) and ¥18,296 million, respectively.

15. Impairment Loss

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

(For the year ended March 31, 2012)

1) The Company

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

Usage and Location	Type of asset	Millions of yen	Thousands of U.S. dollars
Manufacturing equipment for grass substrates for hard disk drive business, located in Ichihara city, Chiba prefecture	Machinery	¥ 1,795	$ 21,890
	Other	139	1,695
	Total	¥ 1,934	$ 23,585

2) The consolidated subsidiaries

Impairment loss for land and other for ¥91 million ($1,110 thousand) charged to income for the year ended March 31, 2012.

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

(For the year ended March 31, 2011)

Impairment loss by type of assets for the year ended March 31, 2011 consisted of the following:

Usage and Location	Type of asset	Millions of yen
Manufacturing equipment and building for metal cable business located in Yamato city, Kanagawa prefecture	Building and other	¥ 1,039
Manufacturing equipment and building for copper strips business located in Jiangsu, China	Machinery and equipment and other	530
Optical connectivity solution business located in Georgia, USA	Intangible assets and other	308
Idle properties located in others	Land and other	533
	Total	¥ 2,410

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

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

16. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' tax and enterprise tax, which in the aggregate would result in a statutory income tax rate of approximately 40.6% for the years ended March 31, 2012 and 2011. Overseas consolidated subsidiaries are subject to income taxes in the countries in which they operate.

Summarized below is reconciliation at March 31, 2012 and 2011.

	2012	2011
Japanese statutory income tax rate	40.6%	40.6%
Tax benefits of net operating loss not recognized	29.4	0.3
Entertainment expense and other	18.7	-
Dividend income no- taxable	(35.5)	(3.0)
Equity in income of non-consolidated subsidiaries and affiliates	(2.6)	(1.1)
Valuation allowance	127.7	(3.1)
Difference of applicable tax rate of overseas consolidated subsidiaries	(75.9)	(7.6)
Utilization of loss carried forward	(64.1)	(6.9)
Charges for violating U.S. antitrust law	348.4	-
Amortization of goodwill	27.1	2.1
Adjustment of deferred tax assets due to change in the effective statutory income tax rate	174.2	-
Other, net	6.1	1.7
Effective income tax rate	594.1%	23.0%

Deferred tax assets (liabilities) at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Accrued retirement benefits	¥18,383	¥ 22,266	$ 224,183
Loss carried forwards	89,891	98,078	1,096,231
Accrued bonus	3,998	4,571	48,756
Depreciation	4,178	2,592	50,951
Impairment loss	20,991	26,205	255,988
Other	17,798	17,896	217,049
Gross deferred tax assets	155,239	171,608	1,893,158
Valuation allowance	(124,769)	(134,356)	(1,521,573)
Total deferred tax assets	30,470	37,252	371,585
Unrealized gain on available-for-sale securities	(6,388)	(9,734)	(77,902)
Special reserve for deferred capital gain	(436)	(1,632)	(5,317)
Revaluation difference on land	(3,645)	(3,423)	(44,451)
Other	(3,365)	(2,328)	(41,037)
Total deferred tax liabilities	(13,834)	(17,117)	(168,707)
Net deferred tax assets	¥16,636	¥ 20,135	$ 202,878

(Additional Information)

On December 2, 2011, the "Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" were promulgated. By these acts, the effective statutory tax rates applied for the calculations of deferred tax assets and liabilities were changed from 40.6% to 38.0% for temporary differences expected to be reversed in the periods from April 1, 2012 to March 31, 2015 and 35.6% for temporary differences expected to be reversed after April 1, 2015. Additionally, beginning from current fiscal year starting on April 1, 2012, the use of tax loss carryforwards will be limited to the equivalent of 80% of taxable income before deducting tax loss carryforwards.

As a result of this, deferred tax assets (net of the amount of deferred tax liabilities) were decreased by ¥2,483 million ($30,280 thousand) and income taxes-deferred were increased by ¥3,371 million ($41,110 thousand) for the year ended March 31, 2012.

17. Other Comprehensive Income

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

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

	Thousands of U.S. dollars	
Unrealized gain on available-for-sale securities		
Amount arising during the year	$ (16,805)	
Reclassification adjustments for gains and losses included in net income	(57,097)	$ (73,902)
Deferred gain or loss on derivatives under hedge accounting		
Amount arising during the year	(30,842)	
Reclassification adjustments for gains and losses included in net income	3,854	
Adjustments for amounts transferred to assets' acquisition costs	27,220	232
Adjustments for retirement benefits of an overseas subsidiary		
Amount arising during the year	(8,598)	
Reclassification adjustments for gains and losses included in net income	3,183	(5,415)
Foreign currency translation adjustments		
Amount arising during the year	(47,634)	
Reclassification adjustments for gains and losses included in net income	5,683	(41,951)
Share of other comprehensive income of affiliates accounted for by the equity method		
Amount arising during the year	(10,866)	
Reclassification adjustments for gains and losses included in net income	73	
Adjustments for amounts transferred to assets' acquisition costs	(329)	(11,122)
Subtotal before tax effects		(132,158)
Tax effects		41,707
Total other comprehensive income		$ (90,451)

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

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

	Thousands of U.S. dollars		
	Before-tax amounts	Tax (expense) benefits	Net-of-tax amounts
Unrealized gain on available-for-sale securities	$ (73,902)	$ 41,524	$ (32,378)
Deferred gain or loss on derivatives under hedge accounting	232	183	415
Adjustments for retirement benefits of an overseas subsidiary	(5,415)	-	(5,415)
Foreign currency translation adjustments	(41,951)	-	(41,951)
Share of other comprehensive income of affiliates accounted for by the equity method	(11,122)	-	(11,122)
Total other comprehensive income	$ (132,158)	$ 41,707	$ (90,451)

18. Financial Instruments

1. Conditions of Financial instruments

1) Policy for financial instruments

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

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

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

Although trade payable and short-term and long-term debt are exposed to liquidity risk, these payables are managed by such means as cash flow projections prepared on a timely manner.

3) Supplementary information on the fair value of financial instruments

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

2. Fair value of financial instruments

The carrying amounts on the consolidated balance sheets, fair value, and differences as of March 31, 2012 and 2011 are as follows. In addition, financial instruments, of which it is extremely difficult to measure the fair value, are not included in the following table. (Please see "Financial instruments of which the fair value is extremely difficult to measure")

(At March 31, 2012)

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

(At March 31, 2012)

	Thousands of U.S. dollars		
	Carrying amount (*1)	Fair value (*1)	Difference
(1) Cash and bank deposits	$ 405,439	$ 405,439	$ -
(2) Trade receivable	2,707,293	2,707,293	-
(3) Marketable securities and investments securities			
a. Held-to-maturity debt securities	2,585	2,610	25
b. Available-for-sale securities	485,768	485,768	-
c. Unconsolidated subsidiaries and affiliated companies	80,817	79,585	(1,232)
Total of assets	3,681,902	3,680,695	(1,207)
(1) Trade payable	(1,487,805)	(1,487,805)	-
(2) Short-term debt	(1,729,963)	(1,729,963)	-
(3) Bonds (including current portion)	(476,939)	(477,720)	(781)
(4) Long-term debt	(1,759,195)	(1,788,243)	(29,048)
Total of liabilities	(5,453,902)	(5,483,731)	(29,829)
Derivative transactions (*2)			
(1) Derivative transactions for which hedge accounting does not apply	(73)	(73)	-
(2) Derivative transactions for which hedge accounting apply	7,537	7,537	-
Total of derivative transactions	$ 7,464	$ 7,464	$ -

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

(At March 31, 2011)

	Millions of yen		
	Carrying amount(*1)	Fair value (*1)	Difference
(1) Cash and bank deposits	¥ 41,899	¥ 41,899	¥ -
(2) Trade receivable	227,148	227,148	-
(3)Marketable securities and investments securities			
a. Held-to-maturity debt securities	215	216	1
b. Available-for-sale securities	47,768	47,768	-
c. Unconsolidated subsidiaries and affiliated companies	6,213	8,815	2,602
Total of assets	323,243	325,846	2,603
(1) Trade payable	(120,873)	(120,873)	-
(2) Short-term debt	(128,552)	(128,552)	-
(3) Bonds (including current portion)	(53,067)	(53,308)	(241)
(4) Long-term debt	(160,002)	(162,908)	(2,906)
Total of liabilities	(462,494)	(465,641)	(3,147)
Derivative transactions (*2)			
(1) Derivative transactions for which hedge accounting does not apply	(19)	(19)	-
(2) Derivative transactions for which hedge accounting apply	603	603	-
Total of derivative transactions	¥ 584	¥ 584	¥ -

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

I. Fair value of financial instruments

Assets

(1) Cash and deposits

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

(2) Trade receivable

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

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

(3) Marketable securities and investment securities

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

Liabilities

(1) Trade payable

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

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

(2) Short-term debt

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

(3) Bonds

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

(4) Long-term debt

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

Derivative Transactions

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

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

Unlisted investment securities of unconsolidated subsidiaries and affiliated companies amounted to ¥46,010 million ($561,098 thousand) and ¥31,353 million as of March 31, 2012 and 2011 are not included in (3) Marketable securities and investments securities above, because market value are not available and their future cash flow are not estimated, accordingly it is not practicable to estimate the fair value.

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

(At March 31, 2012)

	Millions of yen		Thousands of U.S. dollars	
	Within 1 year	From 1 year to 5 years	Within 1 year	From 1 year to 5 years
Bank deposits	¥ 32,921	¥ -	$ 401,476	$ -
Trade receivable	221,998	-	2,707,293	-
Marketable securities and investments securities Held-to-maturity debt securities:				
a) National bonds, local bonds and other	1	-	12	-
b) Other debt securities	113	-	1,378	-
Total	¥ 255,033	¥ -	$ 3,110,159	$ -

(At March 31, 2011)

	Millions of yen	
	Within 1 year	From 1 year to 5 years
Bank deposits	¥ 41,414	¥ -
Trade receivable	227,148	-
Marketable securities and investments securities Held-to-maturity debt securities:		
a) National bonds, local bonds and other	0	1
b) Other debt securities	113	99
Total	¥268,675	¥ 100

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

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

19. Additional Information on Derivatives

1. At March 31, 2012

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

	Millions of yen				Thousands of U.S. dollars			
	2012				2012			
	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)
Foreign currency:								
Sell	¥ 1,138	¥ -	¥ (4)	¥ (4)	$ 13,878	$ -	$ (49)	$ (49)
Buy	654	-	(4)	(4)	7,976	-	(49)	(49)
Total	¥ 1,792	¥ -	¥ (8)	¥ (8)	$ 21,854	$ -	$ (98)	$ (98)

b) Commodity related transactions

	Millions of yen				Thousands of U.S. dollars			
	2012				2012			
	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)
Forward contracts:								
Sell	¥ 5,479	¥ -	¥ (5)	¥ (5)	$ 66,817	$ -	$ (61)	$ (61)
Buy	1,539	-	6	6	18,768	-	73	73
Total	¥ 7,018	¥ -	¥ 1	¥ 1	$85,585	$ -	$ 12	$ 12

2) Derivative transactions for which hedge accounting apply

a) Foreign currency related transactions

	Millions of yen					Thousands of U.S. dollars		
	2012					2012		
	Hedged item	Notional Amount	Portion over 1 year	Fair value *	Calculation method of fair value	Notional Amount	Portion over 1 year	Fair value *
Normal accounting method								
Foreign currency:								
Sell	Trade receivable	¥ 1,469	¥ -	¥ (27)	Forward rate of Foreign currency	$ 17,914	$ -	$ (329)
Buy	Trade payable	6,220	-	391	Forward rate of Foreign currency	75,854	-	4,768
Assignment Accounting (special treatment for foreign exchange forward contract)								
Foreign currency:								
Sell	Trade receivable	3,929	-		-	47,915	-	
Buy	Trade payable	591	-		-	7,207	-	
Total		¥ 12,209	¥ -	¥ 364		$ 148,890	$ -	$ 4,439

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

b) Interest-rate related transactions

	Millions of yen					Thousands of U.S. dollars		
	2012					2012		
	Hedged item	Notional Amount	Portion over 1 year	Fair value *	Calculation method of fair value	Notional Amount	Portion over 1 year	Fair value *
Special treatment interest rate swap:								
Receiving fixed rates and paying floating rates	Long-term debt	¥ 3,064	¥ -		-	$ 37,366	$ -	
Receiving floating rates and paying fixed rates	Long-term debt	77,703	47,915		-	947,598	584,329	
Receiving floating rates and paying floating rates	Long-term debt	1,000	-			12,195	-	
Total		¥ 81,767	¥47,915			$ 997,159	$ 584,329	

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

c) Commodity related transactions

	Millions of yen					Thousands of U.S. dollars		
	2012					2012		
	Hedged item	Notional Amount	Portion over 1 year	Fair value	Calculation method of fair value	Notional Amount	Portion over 1 year	Fair value
Normal accounting method:								
Forward contracts for metal materials:								
Sell	Raw materials and work in process	¥ 967	¥ -	¥ 94	Forward rate of metal material	$ 11,793	$ -	$ 1,146
Buy		11,459	1,072	160		139,744	13,073	1,951
Total		¥ 12,426	¥ 1,072	¥ 254		$ 151,537	$ 13,073	$ 3,097

2. At March 31, 2011

1) Derivative transactions for which hedge accounting does not apply

a) Foreign currency related transactions

	Millions of yen			
	2011			
	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)
Foreign currency:				
Sell	¥ 2,822	¥ -	¥ 24	¥ 24
Buy	997	-	(2)	(2)
Total	¥ 3,819	¥ -	¥ 22	¥ 22

b) Commodity related transactions

	Millions of yen			
	2011			
	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)
Forward contracts:				
Sell	¥ 10,194	¥ -	¥ (41)	¥ (41)
Buy	3,560	-	(0)	(0)
Total	¥13,754	¥ -	¥ (41)	¥ (41)

2) Derivative transactions for which hedge accounting apply

a) Foreign currency related transactions

		Millions of yen				
		2011				
		Hedged item	Notional Amount	Portion over 1 year	Fair value *	Calculation method of fair value
Normal accounting method:						
Foreign currency:						
	Sell	Trade receivable	¥ 1,059	¥ -	¥ (7)	Forward rate of foreign currency
	Buy	Trade payable	13,356	-	103	Forward rate of foreign currency
Assignment Accounting (special treatment for foreign exchange forward contract)						
Foreign currency:						
	Sell	Trade receivable	1,964	-		
	Buy	Trade payable	2,913	-		
	Total		¥19,292	¥ -	¥ 96	

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

b) Interest-rate related transactions

	Millions of yen				
	2011				
	Hedged item	Notional Amount	Portion over 1 year	Fair value *	Calculation method of fair value
Special treatment interest rate swap:					
Receiving fixed rates and paying floating rates	Long-term debt	¥ 2,325	¥ 1,655		-
Receiving floating rates and paying fixed rates	Long-term debt	87,954	74,334		-
Total		¥ 90,279	¥ 75,989		

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

c) Commodity related transactions

	Hedged item	Notional Amount	Portion over 1 year	Fair value	Calculation method of fair value
		Millions of yen			
		2011			
Normal accounting method:					
Forward contracts for metal materials:					
Sell	Raw materials and work in process	¥ 911	¥ -	¥ (16)	Forward rate of metal material
Buy		16,947	4,459	523	
Total		¥ 17,858	¥ 4,459	¥ 507	

20. Real estate for rental and others

The Company and certain consolidated subsidiaries have rentable land and rental office building located in Tokyo and other prefecture. Net revenue of such real estate (main revenue of such real estate is included in operating revenue and main costs for such real estate are included in operating expenses) amounted to ¥1,859 million ($22,671 thousand) and ¥2,843 million for the year ended March 31, 2012 and 2011,respectively.

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

(For the year ended March 31, 2012)

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

Thousands of U.S. dollars			
Carrying amount in the consolidated balance sheets			Fair value
Opening balance	Net changes	Closing balance	
$ 293,268	$ (49,353)	$ 243,915	$ 475,024

(For the year ended March 31, 2011)

Millions of yen			
Carrying amount in the consolidated balance sheets			Fair value
Opening balance	Fair value	Opening balance	
¥24,103	¥(55)	¥24,048	¥ 47,913

1) The carrying amount is the amount of its acquisition costs less accumulated depreciation and accumulated impairment losses.
2) The changes in the carrying amount are mainly an increase due to capital expenditures and a decrease due to sales of real estate amounted to ¥3,579 million ($43,646 thousand) for the year ended March 31, 2012.
The changes in the carrying amount are mainly an increase due to capital expenditures and a decrease due to depreciations for the year ended March 31, 2011.
3) Fair value of March 31, 2012 and 2011 is primarily determined based on internal assessed value according to the Real Estate Appraisal Standards, or amount based on certain evaluated value and value based on the index appropriately affecting real estate market.

21. Reclassifications

Certain items presented in the consolidated financial statements filed with the Director of the Kanto Local Finance Bureau have been reclassified for the convenience of readers outside Japan.
Certain reclassifications have been made to the prior year's consolidated financial statement to conform to the current year presentations.

22. Segment Information

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

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

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

(1) Telecommunications:
Manufacture and sale of optical fiber cable, optical related parts, optical fiber cable-attached parts and construction, network equipment, etc.

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

(3) Electronics and automotive systems:

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

(4) Metals:

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

(5) Light metals:

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

(6) Services and other:

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

2. Segment information on sales and income (loss), identifiable assets and other items by business for the years ended March 31, 2012 and 2011 is summarized as follows:

(For the year ended March 31, 2012)

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

(For the year ended March 31, 2011)

	Millions of yen								
	Telecommuni-cations	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments*	Total
Net sales									
Outside customers	¥ 143,007	¥ 217,641	¥ 202,507	¥ 148,033	¥ 202,500	¥ 12,066	¥ 925,754	¥ -	¥ 925,754
Inter-segment sales	6,310	35,357	7,117	4,904	6,543	25,528	85,759	(85,759)	—
Total	149,317	252,998	209,624	152,937	209,043	37,594	1,011,513	(85,759)	925,754
Segment income	¥ 9,572	¥ 866	¥ 7,801	¥ 3,237	¥ 11,487	¥ 2,313	¥ 35,276	¥ (132)	¥ 35,144
Assets	¥ 122,946	¥ 156,988	¥ 139,471	¥ 104,671	¥ 222,469	¥ 76,372	¥ 822,917	¥ 4,027	¥ 826,944
Others									
Depreciation	¥ 6,082	¥ 5,167	¥ 6,584	¥ 6,858	¥ 12,530	¥ 1,837	¥ 39,058	¥ 1,338	¥ 40,396
Amortization of goodwill	¥ 165	¥ 620	¥ 231	¥ -	¥ 203	¥ 346	¥ 1,565	¥ -	¥ 1,565
Investments in affiliates accounted for by the equity method	¥ 511	¥ 19,125	¥ 4,913	¥ 3,868	¥ 5,284	¥ -	¥ 33,701	¥ -	¥ 33,701
Tangible/intangible fixed assets increased	¥ 4,630	¥ 8,320	¥ 5,729	¥ 1,481	¥ 4,448	¥ 1,500	¥ 26,108	¥ 1,839	¥ 27,947

(For the year ended March 31, 2012)

	Thousands of U.S. dollars (Note 3)								
	Telecommuni-cations	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments*	Total
Net sales									
Outside customers	$ 1,692,610	$ 2,877,158	$ 2,493,427	$ 1,671,659	$ 2,318,232	$ 151,890	$ 11,204,976	$ -	$ 11,204,976
Inter-segment sales	69,793	442,866	91,963	55,451	66,731	292,781	1,019,585	(1,019,585)	—
Total	1,762,403	3,320,024	2,585,390	1,727,110	2,384,963	444,671	12,224,561	(1,019,585)	11,204,976
Segment income(loss)	$ 49,488	$ (9,524)	$ 62,280	$ (524)	$ 69,634	$ 20,683	$ 192,037	$ 2,439	$ 194,476
Assets	$ 1,327,890	$ 1,908,134	$ 1,964,366	$ 1,139,549	$ 2,654,671	$ 909,341	$ 9,903,951	$ (268,402)	$ 9,635,549
Others									
Depreciation	$ 61,841	$ 79,732	$ 70,085	$ 75,342	$ 149,012	$ 23,537	$ 459,549	$ 18,695	$ 478,244
Amortization of goodwill	$ 2,866	$ 7,427	$ 3,975	$ -	$ 2,476	$ 4,219	$ 20,963	$ -	$ 20,963
Investments in affiliates accounted for by the equity method	$ 13,439	$ 239,061	$ 66,866	$ 50,293	$ 192,805	$ -	$ 562,464	$ -	$ 562,464
Tangible/intangible fixed assets increased	$ 80,634	$ 35,707	$ 109,622	$ 29,988	$ 100,756	$ 32,597	$ 389,304	$ 20,220	$ 409,524

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

(Change in accounting policy)

Effective this fiscal year, Furukawa Magnet Wire Co., Ltd., a consolidated subsidiary, changed the depreciation method of machinery from the declining-balance method to the straight-line method. This change was made for the purpose of better matching of revenue and expenses based on more appropriate cost allocation, since it is expected that future demand for magnet wires are stable and maintenance costs including repair costs incur stably based on past experiences, as a result of review on current operation etc. of the machinery when integrating Magnet Wires business.

As a result of this change, segment income of Electronics and automotive systems increased by ¥385 million ($4,695 thousand), compared with previous method had been applied.

<Relative information>
Information by regions

(For the year ended March 31, 2012)

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

	Thousands of U.S. dollars (Note 3)			
	Japan	Asia	Other areas	Total
Net sales	$ 7,208,012	$ 2,808,708	$ 1,188,256	$ 11,204,976
Property, plant and equipment, net of accumulated depreciation	$ 2,688,646	$ 343,903	$ 164,110	$ 3,196,659

(For the year ended March 31, 2011)

	Millions of yen			
	Japan	Asia	Other areas	Total
Net sales	¥ 618,287	¥ 209,766	¥ 97,701	¥ 925,754
Property, plant and equipment, net of accumulated depreciation	¥ 232,729	¥ 28,134	¥ 12,162	¥ 273,025

<Information of impairment loss by reportable segments>

(For the year ended March 31, 2012)

	Millions of yen								
	Telecommuni-cations	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments	Total
Impairment loss	¥ -	¥ -	¥ 1,938	¥ 10	¥ 77	¥ -	¥ 2,025	¥ -	¥ 2,025
	Thousands of U.S. dollars (Note 3)								
Impairment loss	$ -	$ -	$ 23,634	$ 122	$ 939	$ -	$ 24,695	$ -	$ 24,695

(For the year ended March 31, 2011)

	Millions of yen								
	Telecommuni-cations	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments	Total
Impairment loss	¥ 1,399	¥ 240	¥ 5	¥ 541	¥ 225	¥ -	¥ 2,410	¥ -	¥ 2,410

<Information of goodwill by reportable segments>

(For the year ended March 31, 2012)

	Millions of yen								
	Telecommuni-cations	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments	Total
Amortization of goodwill	¥ 235	¥ 609	¥ 326	¥ -	¥ 204	¥ 345	¥ 1,719	¥ -	¥ 1,719
Goodwill as of March 31	¥ 410	¥ 1,059	¥ 296	¥ -	¥ 468	¥ 3,945	¥ 6,178	¥ -	¥ 6,178
	Thousands of U.S. dollars (Note 3)								
Amortization of goodwill	$ 2,866	$ 7,427	$ 3,975	$ -	$ 2,488	$ 4,207	$ 20,963	$ -	$ 20,963
Goodwill as of March 31	$ 5,000	$ 12,914	$ 3,610	$ -	$ 5,707	$ 48,110	$ 75,341	$ -	$ 75,341

(For the year ended March 31, 2011)

	Millions of yen								
	Telecommuni-cations	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments	Total
Amortization of goodwill	¥ 165	¥ 620	¥ 231	¥ -	¥ 203	¥ 346	¥ 1,565	¥ -	¥ 1,565
Goodwill as of March 31	¥ 450	¥ 1,703	¥ 381	¥ -	¥ 671	¥ 4,291	¥ 7,496	¥ -	¥ 7,496

23. Related Party Transactions

(For the year ended March 31, 2012)

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

Type of Related Party	Affiliate
Name	VISCAS Corporation.
Address	Shinagawa-ku Tokyo
Capital	¥12,100 million($147,561 thousand)
Type of business	Energy and industrial products
Voting right share owing (share owed)	Direct 50.0%
Business relationship	Sale of material, purchase of finished goods, lease contracts of real estate, appointment of directors to other companies and providing financial support.
Description of transactions	Loans guaranteed
Amounts of transactions	¥6,254 million ($76,268 thousand)
Accounts	—
Closing balances	—

Type of Related Party	Affiliate
Name	Tri-Arrows Aluminum Holding Inc.
Address	U.S.A
Capital	$357 million
Type of business	Light metals
Voting right share owing (share owed)	Indirect 35.0%
Business relationship	Appointing directors of Furukawa-Sky Aluminum Corp.,which is the consolidated subsidiary of the Company, and Tri-Arrows Aluminum Holding Inc.
Description of transactions	Capital increase
Amounts of transactions	¥10,192 million ($124,293 thousand)
Accounts	—
Closing balances	—

(For the year ended March 31, 2011)

Transactions for the year ended March 31, 2011 and the respective balance as of March 31, 2011 of the non-consolidated subsidiaries and affiliates of the Company were as follows:

Type of Related Party	Affiliate
Name	VISCAS Corporation.
Address	Shinagawa-ku Tokyo
Capital	¥12,100 million
Type of business	Energy and industrial products
Voting right share owing (share owed)	Direct 50.0%
Business relationship	Sale of material, purchase of finished goods, lease contracts of real estate, appointment of directors to other companies and providing financial support.
Description of transactions	Loans guaranteed
Amounts of transactions	¥8,480 million
Accounts	—
Closing balances	—

24. Subsequent events

1. Issuance of bonds made by the Company

The Board of Directors made a comprehensive resolution on May 25, 2012 to issue domestic unsecured bonds. As a result of this resolution, unsecured bonds were issued on June 13, 2012.

<Outline of this issuance>

(1) Total amount of issue: ¥10 billion ($122 billion)
(2) Issue price: ¥100 per share ($1.22)
(3) Amount of redemption: ¥100 per share ($1.22)
(4) Coupon rate: 0.74% per annum
(5) Closing date: June 13, 2012
(6) Redemption at maturity: June 13, 2017
(7) Use of proceeds: Repayment of loans

2. Reduction of Capital Reserve

The 190th Ordinary General Meeting of Shareholders made the resolution to reduce the capital reserve on June 26, 2012, as outlined below.

(1) Purpose of reduction of capital reserve:
In order to plan to make available for dividends and to ensure flexibility and mobility in future financial policies, under the Corporate Law of Japan, paragraph 448 (1), capital reserve will be reclassified to other capital surplus.
(2) Summary of the reduction of capital reserve
All of the capital reserve of ¥21,467,860,057 ($261,803,171) will be reclassified to other capital surplus.
(3) Schedule for reduction of capital reserve
① Resolution of the board of directors: May 10, 2012
② Resolution of the Ordinary General Meeting of Shareholders: June 26, 2012
③ Deadline for creditors' objections: July 31, 2012 (planned)
④ Effective date : August 1, 2012 (planned)

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Independent Auditor's Report

The Board of Directors
Furukawa Electric Co., Ltd.

We have audited the accompanying consolidated financial statements of Furukawa Electric Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Furukawa Electric Co., Ltd. and its consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

1. As described in Note 26, 1, the Board of Directors made a comprehensive resolution on May 25, 2012 to issue domestic unsecured bonds. As a result of this resolution, unsecured bonds were issued on June 13, 2012.
2. As described in Note 26, 2, the 190th Ordinary General Meeting of Shareholders made the resolution to reduce the reserve on June 26, 2012.

Our opinion is not qualified in respect of this matter.

Convenience Translation

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

Ernst & Young ShinNihon LLC

June 26, 2012

ERNST & YOUNG

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Independent Auditor's Report

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Furukawa Electric Co., Ltd.

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Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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Ernst & Young ShinNihon LLC

June 26, 2012