RYODEN

TRADING COMPANY, LIMITED

ANNUAL REPORT 2013

THROUGH ENGINEERING PROPOSALS, RYODEN TRADING IS RESPONDING TO EVER-CHANGING MARKET NEEDS

PROFILE

Ryoden Trading Company, Limited is a leading distributor of technologically advanced electrical and electronic equipment. The Company is an affiliate of Mitsubishi Electric Corporation and is its largest distributor. Our 20 domestic offices throughout Japan function as important links between suppliers and customers and provide such essential services as product development, design and software testing.

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CONSOLIDATED FINANCIAL HIGHLIGHTS

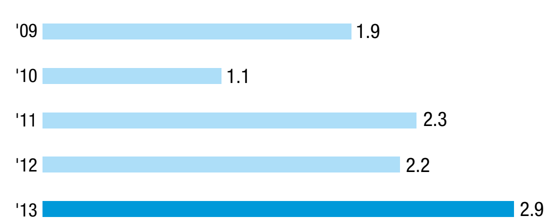
Ryoden Trading Company, Limited and Consolidated Subsidiaries
Years ended March 31,

	Millions of yen					Thousands of U.S. dollars (Note A)
	2013	2012	2011	2010	2009	**2013**
FOR THE YEAR:						
Net sales	**¥203,730**	¥202,723	¥197,017	¥168,586	¥190,897	**$2,167,341**
Income before income taxes	**4,561**	3,955	3,900	1,763	2,857	**48,519**
Net income	**2,853**	2,216	2,346	1,069	1,875	**30,350**
AT YEAR-END:						
Total assets	**107,872**	107,179	105,084	96,990	87,241	**1,147,579**
Total net assets	**54,121**	51,308	49,974	48,744	48,116	**575,760**
Number of employees	**1,148**	1,118	1,104	1,079	1,079	**—**
	Yen					U.S. dollars (Note A)
PER SHARE DATA (YEN AND U.S. DOLLARS)**:**						
Net income (Note B)						
Basic	**¥65.74**	¥51.06	¥54.03	¥24.63	¥43.18	**$0.699**

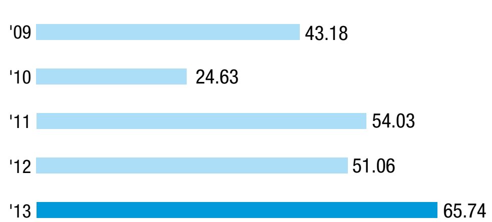
Notes: A. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥94 = $1, the approximate exchange rate prevailing on March 31, 2013.
B. Basic net income per share is computed based on the weighted average number of shares outstanding during the respective years, and diluted net income per share is computed considering the number of shares issuable upon conversion of common share equivalents.

NET SALES (Billions of yen)

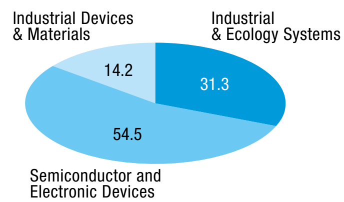
NET INCOME (Billions of yen)



NET INCOME PER SHARE (Yen)



2013 SALES COMPOSITION BY SEGMENT (%)



Satoshi Yamashita, President

Letter to Our Shareholders

The Year in Review

In the consolidated fiscal year ending March 31, 2013, the direction of the global economy remained uncertain amid conflicting pressures. Although the U.S. economy continued its mild recovery, the sovereign debt problem in Europe and the slowdown in the economies of China and other emerging countries clouded progress. However, in Japan, the economy that had been at a standstill in the first half of the fiscal year under pressure from the well-established strong yen trend and other factors, began to show signs of a mild domestic demand-based recovery in the second half, stimulated by a weakening yen and surging stock prices.

Among the business sectors that affect the Ryoden Trading Group, the business performance of the industrial machinery and equipment and digital consumer electronics industries were flat and sales growth in emerging countries lagged. However, the business performances of automobile-related and energy-related industries continued to be robust.

Amid this economic climate, the Ryoden Trading Group continued to implement its global strategies in the final year of its three-year mid-term management plan. The Group proceeded with efforts to create its own original value added content with the goal of becoming a global solution provider. Among the various measures implemented, the Group established a subsidiary in the Republic of Korea and opened a representative office of its Singapore subsidiary in India.

As a result, sales for the period amounted to ¥203,730 million, increasing by 0.5% from the corresponding period of the previous fiscal year. Operating profit climbed by 10.3% to ¥4,414 million while recurring profit rose 17.0% to ¥4,662 million. Net income for the period grew by 28.7% to ¥2,853 million.

Outlook for Next Term

Because of the mixed conditions, the economic outlook for Japan's economy in the next fiscal period remains uncertain. Signs of economic recovery continue to emerge because of such factors as the monetary easing policy and downward correction in the strong yen. On the other hand, the sovereign debt problem in Europe and the slowdown in the China economy are troubling.

Amid the continued severe conditions that are forcing structural reform in the electronics industry, the Ryoden Trading Group will move forward. The Group intends to convert itself into a global business, aiming to become a company that contributes to a sustainable society through a "growth with profit" strategy.

Our outlook for performance in the next fiscal period is for consolidated sales of ¥227,000 million, operating profit of ¥5,200 million, recurring profit of ¥5,170 million, and net income of ¥3,300 million.

Management Policies

Basic Management Policies

The Ryoden Trading Group's management principle is to seek to contribute to society by developing business practices appropriate for the 21st century while fulfilling its corporate social responsibility (CSR). In pursuing those goals the Group is guided by the following basic management policies: pursue stability and growth in corporate management; gain customer confidence through sincerity in sales activities combined with advanced technologies; respect employees' personalities and individuality; nurture human resources to achieve a high degree of expertise, reform spirit, and creativity; and carry out social contribution activities. The Company formulates action policies to guide its daily activities in order to gain further trust for its corporate brand in the communities in which it operates and strives to meet the mandates and expectations of its shareholders, business partners, and employees.

Operating Targets and Management Performance Indicators

With a view to increasing shareholder value, the Ryoden Trading Group is proceeding with its growth strategy and placing management emphasis on profitability. The Group will endeavor to improve profitability using a recurring income to net sales ratio of 3% as its key management performance indicator.

Management Strategies and Issues to Be Addressed in the Medium to Long Term

Precisely because of the severe fluctuations in our current business environment, now is the time for the Group to push forward with its "Second inauguration of business," transforming itself into a global company. In evolving into a "global solution provider" that offers added-value content to customers worldwide, we will promote a growth with profit strategy, achieve sustainable high corporate value, and aim to be a company that contributes to society. To realize these goals, we have launched a medium-term management plan covering the period from FY2013-FY2015, called "GSP 15" (Growth Strategy Plan 2015). Guided by the plan, the entire Ryoden Trading group will endeavor to evolve further.

1. Accelerating global market strategies

In addition to our traditional business activities in East Asian markets, mainly the greater China market, we will aggressively invest our business resources in East Asia, which is developing into a major economic region, proceeding with business expansion and development of new markets. In conjunction with these efforts, we will strengthen our corporate functions in each local area to support the acceleration of our globalization.

2. Strengthening business solution provider capabilities

We want to evolve into a trading company that can provide high-value-added content deserving of being considered our customers' best partner. To that end, we will endeavor to strengthen our business solution provider capabilities, such as technology, procurement and quality control, and SCM system capabilities and business creativity. Moreover, we will aim to enhance customer satisfaction.

3. Building strategic partnership networks

We will seek to form the strategic partnerships necessary to accelerate our global market strategies and strengthen our business solution provider capabilities. Building a solid collaborative network of strategic partnerships globally, we will aim to provide customers with greater high-value-added content.

4. Improving consolidated earnings power

We will implement measures to improve the earning power of the corporate group and maintain and expand our sustained growth cycle. Among other actions, we will strategically invest in growth fields and markets, provider high-value-added business solutions, achieve highly efficient operations, and optimally allocate our human resources worldwide.

5. Reinforcing management systems

Progressing with reform of our business structure to suit global growth fields and markets, we will promote in a planned and ongoing manner the nurturing and efficient use of human resources appropriate to those efforts. In addition, we will proceed with building a solid corporate organization by fortifying business management with the goals of reinforcing our financial base, which will lead to increased shareholder value, and promoting business investment that supports our growth strategy.

6. Promoting CSR activities

Along with our efforts to thoroughly implement social action programs and comply with laws and corporate ethics, we will aim to fulfill our corporate social responsibilities by firmly maintaining an internal control system.

MANAGEMENT TARGETS (FY2015: Consolidated basis)

Fiscal 2015	
Net sales	2,700 billion yen
Operating margin	more than 3.5%
Overseas sales ratio	more than 35%

REVIEW OF OPERATIONS

1. Industrial & Ecology Systems
2. Semiconductor and Electronic Devices
3. Industrial Devices & Materials

REVIEW OF OPERATIONS

1. Industrial & Ecology Systems

Consolidated sales of the Industrial & Ecology Systems business segment edged up 0.1% from a year earlier, to ¥63,859 million. Operating profit amounted to ¥2,466 million, rising 1.1% from the previous fiscal year.

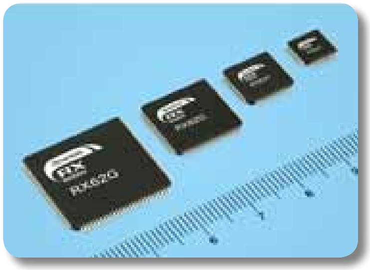
FA Systems sales dropped substantially compared with a year earlier. Reasons included the prolonged cutback in production levels for its core markets of manufacturing equipment for semiconductors and liquid crystal panels and displays and machine tools caused by the sovereign debt problem in Europe and the slowdown in the economies of China and other emerging countries. In addition, domestic capital investment remained sluggish.

In contrast, sales of air conditioning and refrigeration systems surged. The restart of projects that had been postponed due to the major earthquake disaster in Japan, replacement demand to upgrade electricity-savings and energy conservation, and increased demand for solar cell power generation-related systems supported the substantial growth in air conditioning and refrigeration systems revenues.

Sales of the building systems sector expanded significantly despite struggling sales of the sector’s core product elevators. Growth can be attributed to strong sales of products and materials for renewable energy systems.

Information and communication sales declined substantially. During the fiscal year, the Group focused on expanding sales of business solutions to the manufacturing industry and to healthcare institutions. However, businesses continued to curtail new IT investment and core monitor-related product sales struggled.

Overall sales of Industrial & Ecology Systems-related subsidiaries rose considerably. Although overseas sales were affected by the slowdown in the Chinese economy, domestic sales expanded sharply under the combined impact of receiving large-scale orders and increased demand for solar cell power generation systems.



2. Semiconductor and Electronic Devices

Consolidated sales of the Semiconductor and Electronic Devices business segment increased 2.5% year on year, to ¥110,934 million. Operating profit amounted to ¥1,728 million, jumping 42.7% from the previous fiscal year.

Sales of the semiconductor and electronic devices business segment contracted compared with last year. In Japan, in addition to the stagnation in the digital consumer electronics-related market, the end to the government eco-car purchase subsidy program in the automobile-related market, the impact of the anti-Japanese goods movement in China on the industrial machinery-related market, and the accelerated shift of production and procurement functions overseas by customers contributed to the decline in business segment sales.

Conversely, overseas subsidiaries in the semiconductor and electronic devices segment recorded substantial growth in earnings. Besides the benefits of a weaker yen, sales of electronic components to the automotive-related and OA equipment-related markets were firm throughout Asia.

3. Industrial Devices & Materials

Consolidated sales of the Industrial Devices & Materials business segment decreased 5.7% from the corresponding period of the previous fiscal year to ¥28,936 million. Operating profit amounted to ¥205 million, falling 38.7% from the previous fiscal year.

In the industrial devices & materials segment, automobile-related sales were flat despite struggling demand in the domestic market, supported by overseas demand. Although sales of some items, such as housing equipment and facilities-related items and solar cell power generation systems, were robust, sales of digital consumer electronics-related and the business segment's core industrial machinery-related items declined compared with a year earlier because of stagnant demand, resulting in an overall drop in industrial devices & materials sales.

Commitment to Corporate Governance and Compliance

The following is Ryoden's system to ensure that directors properly execute their duties in accordance with laws and the articles of incorporation to ensure proper conduct in other operations.

1. As provided for in its company rules, the Company appropriately files and manages documents required to be kept by law as well as important documents and related materials. (including magnetic records)

2. The Company determines basic rules on risk management and, through a Risk Management Committee chaired by the responsible director, identifies risks and devises countermeasures based on the likelihood of occurrence, the level of impact, etc. Important matters are discussed by the Executive Committee and the Board of Directors. In this way, the Company implements a diverse range of risk management throughout the Ryoden Group.

3. To achieve transparency in its business and speedy decision-making, the Company carries out wide ranging deliberations of important matters in its Executive Committee, members of which are senior directors. The Board of Directors determines the division of professional duties and areas of professional competence in each organization, clarifies the professional competence and responsibility of each organization, and arranges a system for the correct and efficient execution of professional duties. Meanwhile, to ensure efficiency in practice, the Board clearly establishes targets for each division and each fiscal year, and supervises managers' fulfillment of those targets.

4. The Company recognizes thorough compliance as a high-priority issue, and has established or enacted compliance rules and thoroughly educated its employees regarding them. To achieve complete compliance, the Company has established an Ethics and Legal Compliance Committee, which is chaired by the director in charge of compliance. The committee periodically determines and enforces compliance promotion matters, and monitors the state of compliance observation by each internal auditing division. It also includes a provision in the "Ryoden Trading Group Action Guidelines" to the effect that a resolute stance will be taken against anti-social forces, rigorously applies this, and arranges a system to this end. If behavior in violation of compliance rules occurs or a potentially dangerous situation is recognized, employees can report the incident using a hot line system without fear of reprisals.

5. The Company requires that Group companies report or receive approval for important matters before implementation. In addition, the Audit & Supervisory Board Members of Group companies and the Company's Audit & Supervisory Board Members and audit division share information and cooperate in conducting audits of Group companies to ensure the proper conduct of the Group as a whole.

6. The Company arranges a system for ensuring the correctness and reliability of the Group's financial reports, and periodically evaluates the effectiveness of the system.

7. When the Audit & Supervisory Board Members deem it necessary, staff may be assigned to assist Audit & Supervisory Board Members, subject to discussion with the directors.

8. When staff is assigned to Audit & Supervisory Board Members, the Company and Audit & Supervisory Board Members discuss and agree on items regarding authority over said staff.

9. Directors and employees report to Audit & Supervisory Board on the deliberations of important meetings, the results of internal audits, and important matters regarding business execution of the Company or Group companies. Items with the potential to have a major impact on the Company or Group companies are also reported promptly to Audit & Supervisory Board. When asked by a Audit & Supervisory Board Members to report on an item regarding business execution, all directors and employees report on the said item without delay.

10. When deemed necessary for their jobs, Audit & Supervisory Board or Audit & Supervisory Board Members may form contracts with legal counsel or other advisors. The Audit & Supervisory Board Members exchange information with the Company's independent auditor and the Audit & Supervisory Board Members of the Group companies and collaborate in achieving effective audits of the Company and the Group companies.

CONSOLIDATED BALANCE SHEETS

Ryoden Trading Company, Limited and Consolidated Subsidiaries
March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Assets			
Current assets:			
Cash and cash equivalents	¥ 22,882	¥ 12,068	$ 243,423
Marketable securities (Note 14)	—	1,043	—
Trade receivables: (Note 6)			
Notes	8,947	8,989	95,181
Accounts	43,542	51,669	463,209
Merchandise inventories	15,662	17,646	166,617
Deferred tax assets (Note 17)	736	708	7,833
Short-term loans	188	—	2,001
Prepaid expenses and other current assets	2,864	2,886	30,470
Allowance for doubtful accounts	(76)	(93)	(809)
Total current assets	94,745	94,916	1,007,925
Property and equipment:			
Land	3,101	3,101	32,987
Buildings	2,466	2,409	26,235
Equipment and fixtures	1,412	1,422	15,017
Less accumulated depreciation	(2,853)	(2,912)	(30,346)
Construction in progress	3	—	29
Total property and equipment	4,129	4,020	43,922
Intangible assets	409	335	4,357
Investments and other assets:			
Investments in unconsolidated subsidiaries and an affiliate	965	1,150	10,261
Investments in other securities (Note 14)	5,292	4,248	56,297
Deferred tax assets (Note 17)	503	632	5,351
Other	1,877	1,947	19,976
Allowance for doubtful accounts	(48)	(69)	(510)
Total investments and other assets	8,589	7,908	91,375
Total assets	¥ 107,872	¥ 107,179	$ 1,147,579

See the accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term bank loans (Note 3)	**¥ 2,123**	¥ 973	**$ 22,588**
Trade payables: (Note 6)			
Notes	**14,540**	16,101	**154,685**
Accounts	**29,708**	32,109	**316,044**
Advances from customers	**438**	200	**4,657**
Accrued expenses	**1,138**	1,165	**12,105**
Accrued income taxes	**968**	863	**10,303**
Other current liabilities	**1,629**	1,500	**17,311**
Total current liabilities	**50,544**	52,911	**537,693**
Long-term liabilities:			
Accrued employees' retirement benefits (Note 16)	**1,981**	1,746	**21,075**
Accrued officers' severance benefits	**227**	209	**2,415**
Other long-term liabilities	**1,000**	1,005	**10,636**
Total long-term liabilities	**3,208**	2,960	**34,126**
Total liabilities	**53,752**	55,871	**571,819**
Contingent liabilities (Note 5)			
Net assets: (Note 19)			
Stockholders' equity:			
Common stock:			
Authorized—113,100,000 shares			
Issued—45,649,955 shares	**10,334**	10,334	**109,939**
Capital surplus	**7,375**	7,375	**78,463**
Retained earnings (Notes 4 and 20)	**37,275**	35,187	**396,546**
Treasury stock, at cost:2,253,753 shares at March 31,2013 and 2,248,918 shares at March 31,2012	**(816)**	(813)	**(8,679)**
Total stockholders' equity	**54,168**	52,083	**576,209**
Accumulated other comprehensive income:			
Unrealized holding gains on securities	**559**	213	**5,945**
Translation adjustments	**(607)**	(988)	**(6,454)**
Total accumulated other comprehensive income	**(48)**	(775)	**(509)**
Total net assets	**54,120**	51,308	**575,760**
Total liabilities and net assets	**¥ 107,872**	¥ 107,179	**$ 1,147,579**

CONSOLIDATED STATEMENTS OF INCOME

Ryoden Trading Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Net sales (Note 7)	**¥ 203,730**	¥ 202,723	**$ 2,167,341**
Cost of sales (Note 7)	**183,143**	183,269	**1,948,328**
Gross profit	**20,587**	19,454	**219,013**
Selling, general and administrative expenses (Note 8)	**16,173**	15,450	**172,051**
Operating income	**4,414**	4,004	**46,962**
Other income:			
Interest and dividends income	**111**	84	**1,177**
Equity in earnings of an affiliate	**80**	82	**855**
Other (Note 9)	**274**	161	**2,916**
	465	327	**4,948**
Other expenses:			
Interest expense	**51**	53	**546**
Loss on devaluation of investment securities	**101**	30	**1,079**
Loss on sales of investment securities	**26**	—	**276**
Other (Note 10)	**140**	293	**1,490**
	318	376	**3,391**
Income before income taxes and minority interests	**4,561**	3,955	**48,519**
Income taxes (Note 17)			
Current	**1,787**	1,658	**19,005**
Deferred	**(79)**	81	**(836)**
Income before minority interests	**2,853**	2,216	**30,350**
Net income (Note 19)	**¥ 2,853**	¥ 2,216	**$ 30,350**

See the accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Ryoden Trading Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Comprehensive income from operating activities:			
Income before minority interests	**¥ 2,853**	¥ 2,216	**$ 30,350**
Other comprehensive income (loss): (Note 12)			
Unrealized holding gain (loss) on securities	**344**	47	**3,665**
Translation adjustments	**381**	(120)	**4,054**
Share of other comprehensive income of associates accounted for by using equity method	**2**	(1)	**17**
Total other comprehensive income (loss)	**727**	(74)	**7,736**
Total comprehensive income	**¥ 3,580**	¥ 2,142	**$ 38,086**
Total comprehensive income attributable to:			
Owners of the parent	**¥ 3,580**	¥ 2,142	**$ 38,086**
Minority interests	**—**	—	**—**

See the accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Ryoden Trading Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen									
	Stockholders' equity						Accumlated other comprehensive income			
	Common stock									
	Number of shares	Amount	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Unrealized holding gains on securities	Translation adjustments	Total accumlated other comprehensive income	Total net assets
Balance at March 31, 2011	45,649,955	10,334	7,375	33,776	(810)	50,675	166	(867)	(701)	49,974
Net income for the year	—	—	—	**2,216**	—	**2,216**	—	—	—	**2,216**
Cash dividends	—	—	—	**(781)**	—	**(781)**	—	—	—	**(781)**
Change of scope of consolidation	—	—	—	**(24)**	—	**(24)**	—	—	—	**(24)**
Purchase of treasury stock	—	—	—	—	**(4)**	**(4)**	—	—	—	**(4)**
Disposal of treasury stock	—	—	**0**	—	**1**	**1**	—	—	—	**1**
Net change during the year	—	—	—	—	—	—	**47**	**(121)**	**(74)**	**(74)**
Balance at March 31, 2012	45,649,955	10,334	7,375	35,187	(813)	52,083	213	(988)	(775)	51,308
Net income for the year	—	—	—	**2,853**	—	**2,853**	—	—	—	**2,853**
Cash dividends	—	—	—	**(825)**	—	**(825)**	—	—	—	**(825)**
Change of scope of consolidation	—	—	—	**60**	—	**60**	—	—	—	**60**
Purchase of treasury stock	—	—	—	—	**(3)**	**(3)**	—	—	—	**(3)**
Disposal of treasury stock	—	—	**0**	—	**0**	**0**	—	—	—	**0**
Net change during the year	—	—	—	—	—	—	**346**	**381**	**727**	**727**
Balance at March 31, 2013	**45,649,955**	**¥ 10,334**	**¥ 7,375**	**¥ 37,275**	**¥ (816)**	**¥ 54,168**	**¥ 559**	**¥ (607)**	**¥ (48)**	**¥ 54,120**

	Thousands of U.S. dollars (Note 1)								
	Stockholders' equity					Accumlated other comprehensive income			
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Unrealized holding gains on securities	Translation adjustments	Total accumlated other comprehensive income	Total net assets
Balance at March 31, 2012	$ 109,939	$ 78,462	$ 374,332	$ (8,651)	$ 554,082	$ 2,263	$ (10,508)	$ (8,245)	$ 545,837
Net income for the year	—	—	**30,350**	—	**30,350**	—	—	—	**30,350**
Cash dividends	—	—	**(8,772)**	—	**(8,772)**	—	—	—	**(8,772)**
Change of scope of consolidation	—	—	**636**	—	**636**	—	—	—	**636**
Purchase of treasury stock	—	—	—	**(30)**	**(30)**	—	—	—	**(30)**
Disposal of treasury stock	—	**1**	—	**2**	**3**	—	—	—	**3**
Net change during the year	—	—	—	—	—	**3,682**	**4,054**	**7,736**	**7,736**
Balance at March 31, 2013	**$ 109,939**	**$ 78,462**	**$ 396,546**	**$ (8,679)**	**$ 576,269**	**$ 5,945**	**$ (6,454)**	**$ (509)**	**$ 575,760**

See the accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Ryoden Trading Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Cash flows from operating activities:			
Income before income taxes	¥ 4,561	¥ 3,955	$ 48,519
Depreciation	342	368	3,640
Provision for (reversal of) allowance for doubtful accounts	(39)	(80)	(418)
Provision for retirement benefits	253	71	2,695
Interest and dividends income	(111)	(84)	(1,177)
Interest expense	51	53	546
Unrealized exchange loss (gain)	0	0	1
Equity in earnings of an affiliate	(80)	(82)	(855)
Loss (gain) on disposal or sales of property and equipment	0	(1)	(4)
Loss (gain) on sales of investment securities	26	(1)	276
Loss on devaluation of investment securities	101	30	1,079
Decrease (increase) in trade receivables	9,444	(4,540)	100,463
Decrease (increase) in merchandise inventories	2,826	796	30,061
Increase (decrease) in trade payables	(4,913)	1,514	(52,267)
Other, net	291	567	3,099
Subtotal	12,752	2,566	135,658
Interest and dividends received	120	90	1,277
Interest paid	(52)	(54)	(549)
Income taxes paid	(1,696)	(2,074)	(18,037)
Net cash provided by (used in) operating activities	11,124	528	118,349
Cash flows from investing activities:			
Proceeds from redemption of marketable securities	1,162	230	12,359
Acquisition of property and equipment	(288)	(294)	(3,059)
Proceeds from sales of property and equipment	3	2	29
Acquisition of intangible assets	(134)	(129)	(1,421)
Proceeds from sales of investment securities	539	235	5,731
Acquisition of investment securities	(1,447)	(1,163)	(15,394)
Net increase (decrease) in short-term loan receivables	(188)	4,997	(2,001)
Other, net	84	(2)	890
Net cash provided by (used in) investing activities	(269)	3,876	(2,866)
Cash flows from financing activities:			
Net decrease (increase) in short-term loans	583	(548)	6,199
Net increase in treasury stock	(3)	(3)	(27)
Cash dividends paid	(825)	(781)	(8,780)
Net cash provided by (used in) financing activities	(245)	(1,332)	(2,608)
Effect on exchange rate changes on cash and cash equivalents	132	(28)	1,402
Net increase (decrease) in cash and cash equivalents	10,742	3,044	114,277
Increase in cash and cash equivalents resulting from inclusion of subsidiary in consolidation	72	52	768
Cash and cash equivalents at beginning of year	12,068	8,972	128,378
Cash and cash equivalents at end of year	¥ 22,882	¥ 12,068	$ 243,423

See the accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation only, at the rate of ¥94= U.S.$1.00, the approximate rate of exchange in effect on March 31, 2013. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation and accounting for investments in an affiliated company

The accompanying consolidated financial statements include the accounts of the Company and any significant companies controlled directly or indirectly by the Company. The company over which the Company exercises significant influence in terms of its operating and financial policies has been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less when purchased are considered cash equivalents.

(c) Marketable securities and investment securities

Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(d) Merchandise inventories

The Company mainly applies the cost method based on the weighted-average method, which determines the amount of the inventories shown on the balance sheet by writing them down based on the decrease in their profitability.

(e) Allowance for doubtful accounts

Allowance for doubtful accounts is provided on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.

(f) Property and equipment

Property and equipment are stated at cost. Depreciation is computed principally by the declining-balance method at rates based upon the estimated useful lives of assets. In one of the consolidated subsidiaries, depreciation is computed by the straight-line method for a lease term. The range of useful lives is from 3 to 50 years for buildings and from 4 to 6 years for equipment and fixtures.

(g) Accrued employees' retirement benefits

Accrued employees' retirement benefits have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the balance sheet dates, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized, primarily by the straight-line method over the period of mainly 12 years which is shorter than the average remaining years of service of the employees.

Prior service cost is being amortized as incurred by the straight-line method over the period of mainly 12 years which is shorter than the average remaining years of service of the employees.

(h) Allowance for officers' severance benefits

Allowance for officers' severance benefits of the Company and certain of its domestic subsidiaries is provided at the amount which would have been required to be paid if all directors and corporate auditors had voluntarily terminated their services as of the balance sheet date. This amount has been determined in accordance with the internal rules of the respective companies.

(i) Leases

Noncancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases. All other lease transactions are accounted for as operating leases and relating payments are charged to income as incurred.

(j) Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(k) Derivative financial instruments

The Company has entered into derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates. Derivative financial instruments are carried at fair value, with changes in unrealized gain or loss charged or credited to operations.

(l) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet dates, except for assets and liabilities hedged by forward foreign exchange contracts.

All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions were made. The resulting exchange gains and losses are credited or changed to income.

The revenue and expense accounts of the foreign consolidated subsidiaries are translated at the rate of exchange in effect at the balance sheet date. Except for the components of net assets, the balance sheet accounts are also translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates.

(m) Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

(n) New accounting pronouncements not yet adopted

On May 17, 2012, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No.26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No.25 "Guidance on Accounting Standard for Retirement Benefits", which replaced the "Accounting Standard for Retirement Benefits" that had been issued by the Business Accounting Council in 1998.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss is to be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects. The revised accounting standards allow the choice of the method of attributing expected benefit to periods between the straight-line basis and the benefit formula basis, and amend the discount rate estimation.

The Company expects to apply the revised accounting standards from the year ending March 31, 2014. However, the method of attributing expected benefit to periods is to be applied from the year beginning on April 1, 2014. Because the revised accounting standards are allowed to be applied in stages, the standards are not to be applied retrospectively to the financial statements in prior periods.

The Company is in the process of measuring the effects of applying the revised accounting standards.

(o) Changes in accounting policies which are indistinguishable from changes in accounting estimates for the year ended March 31, 2013

The Company and its consolidated subsidiaries have changed the method of depreciation for property, plant and equipment acquired on and after April 1, 2012, in conformity with the revision made to the Income Tax Act. The impact of this change is immaterial.

3. SHORT-TERM BANK LOANS

Short-term bank loans are unsecured and represented substantially by notes maturing within one year. The annual interest rates applicable to the loans outstanding were 0.9 % to 6.3 % in 2013 and 1.2 % to 6.2 % in 2012.

4. RETAINED EARNINGS

In accordance with the Corporation Law of Japan ("Law"), the Company has provided a legal reserve as an appropriation of retained earnings. This reserve amounted to ¥817 million ($8,696 thousand) at March 31, 2013 and ¥817 million at March 31,2012. The Law provides that the total of additional paid-in capital and the legal reserve, if less than one-quarter of the amount of common stock, is not available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. If the total amount of additional paid-in capital and the legal reserve exceeds one-quarter of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or in the form of dividends subject to the approval of the shareholders.

5. CONTINGENT LIABILITIES

The Company and its consolidated subsidiaries are contingently liable for guarantees of loans to employees and others, amounting to ¥448 million ($4,770 thousand) and ¥512 million at March 31, 2013 and 2012 , respectively.

6. NOTES RECEIVABLE AND NOTES PAYABLE MATURING AT FISCAL YEAR-END

Notes receivable and notes payable are settled on the date of clearance. As March 31, 2013 was a bank holiday, notes receivable and notes payable maturing on that date could not be settled and were included in the ending balance of notes and accounts receivable, trade account and notes and accounts payable, trade account as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Notes receivable	**¥ 819**	¥ 813	**$ 8,712**
Notes payable	**¥ 2,539**	¥ 2,481	**$ 27,011**

7. RELATED PARTY TRANSACTIONS

Transactions with Mitsubishi Electric Corporation ("MELCO"), which holds 36.1% interest of the Company at March 31, 2013 and 2012 each, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
MELCO:			
Sales	**¥ 15,830**	¥ 18,993	**$ 168,400**
Purchases	**¥ 28,650**	¥ 33,512	**$ 304,788**

Sales and purchases prices were negotiated on an arm's-length basis based on the final retail prices of the Company.

8. SELLING, GENERAL AND ADMINISTRATIVE EXPSNSES

The components of selling, general and administrative expenses for the years ended March 31, 2013 and 2012, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Transportation expenses	**¥ 2,046**	¥ 2,000	**$ 21,763**
Salaries	**5,272**	5,055	**56,087**
Bonuses	**1,968**	1,982	**20,939**
Retirement benefit expenses	**720**	612	**7,660**
Provision for retirement benefits for directors	**60**	57	**639**
Welfare expenses	**1,413**	1,363	**15,035**
Rent	**1,134**	1,057	**12,061**
Depreciation and amortization	**342**	368	**3,641**

9. OTHER INCOME—OTHER

Other income—Other for the years ended March 31, 2013 and 2012, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Purchase discount	**¥ 3**	¥ 3	**$ 35**
Foreign exchange gain	**154**	—	**1,642**
Other	**117**	158	**1,238**
	¥ 274	¥ 161	**$ 2,916**

10. OTHER EXPENSES—OTHER

Other expenses—Other for the years ended March 31, 2013 and 2012, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Sales discount	**¥ 75**	¥ 71	**$ 796**
Foreign exchange loss	**—**	123	**—**
Other	**65**	99	**694**
	¥ 140	¥ 293	**$ 1,490**

11. LEASE TRANSACTIONS

Lessees' Accounting

The minimum rental commitments under noncancellable operating leases as of March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Within 1 year	**¥ 239**	¥ 75	**$ 2,540**
Over 1 year	**156**	114	**1,662**
	¥ 395	¥ 189	**$ 4,202**

12. OTHER COMPREHENSIVE INCOME

Reclassification adjustments and tax effects of each component of other comprehensive income for the fiscal year ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Unrealized holding gain (loss) on securities			
Amount arising during the year	**¥ 496**	¥ 21	**$ 5,277**
Reclassification adjustment for gains and losses included in net income	**35**	25	**369**
Unrealized gains(losses) on available-for-sale securities before tax	**531**	46	**5,646**
Tax effect	**(186)**	1	**(1,982)**
Unrealized gains(losses) on available-for-sale securities	**344**	47	**3,665**
Translation adjustments			
Amount arising during the year	**381**	(120)	**4,054**
Share of other comprehensive income of associates accounted for by using equity method			
Amount arising during the year	**2**	(1)	**17**
Reclassification adjustment for gains and losses included in net income	**—**	—	**—**
Share of other comprehensive income of associates accounted for by using the equity method	**2**	(1)	**17**
Total other comprehensive income	**¥ 727**	¥ (74)	**$ 7,736**

13. FINANCIAL INSTRUMENTS

(a) Policies, classifications, and risk management

Policy on use of financial instruments

The Company and its subsidiaries (the "Group") invest their temporary surpluses of funds mainly in highly liquid financial assets. The Group's primary use of derivatives is to hedge the risks mentioned below, and its policy is not to engage in speculative transactions.

Classifications of financial instruments and related risks

Among operating receivables, notes and accounts receivable are subject to the credit risk of customers. In addition, foreign currency denominated operating receivables arising from business activities are subject to exchange rate risk. To minimize this exchange rate risk, the Group uses forward exchange agreements to hedge the risk on foreign exchange denominated transactions for which this treatment is deemed appropriate within the scope of actual volume of business considered necessary.

Securities and investment securities comprised bonds related to the investment of surplus funds and stocks of companies with which the Group has a business relationship, and are subject to market risk. Short-term loans consist of bonds with repurchase agreements (gensaki transactions) that have been purchased for the purpose of investing surplus funds.

Notes and accounts payable are operating liabilities that are mostly payable within six months. The portion of these liabilities denominated in foreign currency are subject to exchange rate risk, but similar to operating receivables, the Group uses forward exchange agreements to hedge this risk within the scope of actual volume of business considered necessary.

The Group's derivative transactions comprise forward exchange agreements made for the purpose of hedging currency rate risk on foreign currency denominated operating receivables and payables and structured derivative transactions involving bonds purchased as a method of investing surplus funds.

Risk management related to financial instruments

(i) Credit risk (risk of nonperformance on agreements by business counterparties)

In accordance with its credit management rules, the Company's branches and Administrative Department of the head office monitor the status of business counterparties on a regular basis. They manage credit risk by maturity date and outstanding balance on an individual business counterparty basis and aim to achieve early discovery of and to minimize repayment concerns due to deteriorating financial position and other factors.

(ii) Credit risk (risk of nonperformance of derivative transaction)

The Company considers credit risk on derivative transactions to be negligible because transactions are only conducted with financials institutions that have high credit ratings.

(iii) Management of market risk (risk of fluctuations in currencies, interest rates, etc.)

In principle, the Company and some of its consolidated subsidiaries manage the exchange rate risk on foreign currency denominated operating receivables and payables by using forward exchange agreements to hedge currency rate risk determined by currency on a monthly basis.

For securities and investment securities, the Group monitors the fair value of the financial instrument and the financial position etc. of the issuer (business counterparty) on a regular basis. With stocks of companies the Group does business with, the Group continuously revises its holdings, taking into consideration market conditions and its business relationship with company.

Among derivative transactions, the Accounting Department concludes the forward exchange agreements entered into by the Company on an aggregated basis in accordance with the Company's exchange rate risk management rules and produces reports on overall profits and losses and individual risk exposures that are included in the reports on the financial overview of the Company made during regular meeting of the Board of Directors. As to structure derivative transactions, the Accounting Department is responsible for investing funds in said bonds within the approved scope set by the Management Committee and reports the results of those investments to the Management Committee.

(iv) Management of liquidity risk related to funding (the risk of defaulting on maturing debt)

The Accounting Department prepares and revises cash flow plans as necessary based on reports from branches, while also managing liquidity risk by maintaining adequate cash levels. Consolidated subsidiaries also manage their liquidity risk in a similar manner.

Supplementary items regarding the fair value etc. of financial instruments

The fair values of financial instruments are based on market prices. If a market price is not available then rational valuation of the price is used instead. Such price evaluations include variable factors, and its results may differ if different assumptions are used in the evaluation. Furthermore, the notational amounts for derivatives included in Note 15. Derivative Transactions do not represent the total market risk of the Group's derivative transactions.

(b) Fair value of financial instruments

As of March 31, 2013 and 2012, carrying value, fair value and the difference between the two are as follows:

Year ended or as of March 31,2013	Millions of yen			Thousands of U.S. dollars (Note 1)		
Assets:	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Cash and time deposits	¥ 22,882	¥ 22,882	¥ —	$ 243,423	$ 243,423	$ —
(2) Notes and accounts receivable	52,489	52,489	—	558,389	558,389	—
(3) Securities and Investments securities	5,218	5,218	—	55,514	55,514	—
(4) Short-term loans	188	188	—	2,001	2,001	—
Total	¥ 80,777	¥ 80,777	¥ —	$ 859,327	$ 859,327	$ —
Liabilities:						
(1) Notes and accounts payable	¥ 44,249	¥ 44,249	¥ —	$ 470,729	$ 470,729	$ —
(2) Short-term loans	2,123	2,123	—	22,588	22,588	—
Total	¥ 46,372	¥ 46,372	¥ —	$ 493,317	$ 493,317	$ —
Derivative transactions:						
Hedge accounting not applied	¥ 0	¥ 0	¥ —	$ 4	$ 4	$ —

Year ended or as of March 31,2012	Millions of yen		
Assets:	Carrying value	Fair value	Difference
(1) Cash and time deposits	¥ 12,068	¥ 12,068	¥ —
(2) Notes and accounts receivable	60,658	60,658	—
(3) Securities and Investments securities	5,134	5,134	—
(4) Short-term loans	—	—	—
Total	¥ 77,860	¥ 77,860	¥ —
Liabilities:			
(1) Notes and accounts payable	¥ 48,210	¥ 48,210	¥ —
(2) Short-term loans	973	973	—
Total	¥ 49,183	¥ 49,183	¥ —
Derivative transactions:			
Hedge accounting not applied	¥ (29)	¥ (29)	¥ —

Notes:

Assets

(1) Cash and time deposits , (2) Notes and accounts receivable and (4) Short-term loans

All of these are settled within a short time, and their fair value and carrying value are nearly equal. Thus, the carrying value is listed as fair value in the table above.

(3) Securities and Investments securities

These mainly consist of stocks and bonds. Fair value for stocks is based on a price settled on stock exchanges, while fair value for bonds is based on either a price settled on the exchanges or on offered from financial institutions that we have transaction with. Please refer to Note 14, "Securities"

Liabilities

(1) Notes and accounts payable and (2) Short-term loans

All of these are settled within a short time, and their fair value and carrying value are nearly equal. Thus, the carrying value is listed as fair value in the table above.

Derivative transactions

Net receivables (payables) derived from derivative transactions are displayed in the table above. Total net payables are showed in parenthesis. Please refer to Note 15, "Derivative transactions"

(c) The carrying amount of financial instruments whose fair value cannot be reliably determined as of March 31, 2013 and 2012, consisted of the following:

Year ended or as of March 31,2013	Millions of yen	Thousands of U.S. dollars (Note 1)
Investments securities that do not have quoted market price in an active market	**¥1,038**	**$ 11,045**

Year ended or as of March 31,2012	Millions of yen
Investments securities that do not have quoted market price in an active market	¥1,306

(d) The maturity analysis for financial assets and securities with contractual maturities as of March 31, 2013 and 2012, were as follows:

	Millions of yen			
Year ended or as of March 31,2013	Due in one year or less	Due after one year through five years	Due after five years through ten years	Over ten years
Cash and time deposits	**¥ 22,861**	**¥ —**	**¥ —**	**¥ —**
Notes and accounts receivable	**52,489**	**—**	**—**	**—**
Investments securities	**—**	**1,604**	**283**	**400**
Short-term loans	**188**	**—**	**—**	**—**
Total	**¥ 75,537**	**¥ 1,604**	**¥ 283**	**¥ 400**

	Thousands of U.S. dollars (Note 1)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Over ten years
Cash and time deposits	**$ 243,199**	**$ —**	**$ —**	**$ —**
Notes and accounts receivable	**558,389**	**—**	**—**	**—**
Investments securities	**—**	**17,068**	**3,006**	**4,255**
Short-term loans	**2,001**	**—**	**—**	**—**
Total	**$ 803,590**	**$ 17,068**	**$ 3,006**	**$ 4,255**

	Millions of yen			
Year ended or as of March 31,2012	Due in one year or less	Due after one year through five years	Due after five years through ten years	Over ten years
Cash and time deposits	¥ 12,002	¥ —	¥ —	¥ —
Notes and accounts receivable	60,658	—	—	—
Investments securities	1,045	630	529	400
Short-term loans	—	—	—	—
Total	¥ 73,705	¥ 630	¥ 529	¥ 400

14. SECURITIES

(a) Information regarding marketable securities classified as other securities as of March 31, 2013 and 2012, were as follows:

March 31, 2013	Millions of yen			Thousands of U.S. dollars (Note 1)		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stock	**¥ 1,870**	**¥ 2,713**	**¥ 843**	**$ 19,892**	**$ 28,863**	**$ 8,971**
Bonds	**650**	**664**	**14**	**6,915**	**7,067**	**152**
Other	**534**	**596**	**62**	**5,677**	**6,345**	**668**
Subtotal	**¥ 3,054**	**¥ 3,973**	**¥ 919**	**$ 32,484**	**$ 42,275**	**$ 9,791**
Securities whose acquisition cost exceeds their carrying value:						
Stock	**¥ 152**	**¥ 119**	**¥ (33)**	**$ 1,617**	**$ 1,261**	**$ (356)**
Bonds	**300**	**256**	**(44)**	**3,191**	**2,727**	**(464)**
Other	**887**	**870**	**(17)**	**9,439**	**9,250**	**(189)**
Subtotal	**1,339**	**1,245**	**(94)**	**14,247**	**13,238**	**(1,009)**
Total	**¥ 4,393**	**¥ 5,218**	**¥ 825**	**$ 46,731**	**$ 55,513**	**$ 8,782**

March 31, 2012	Millions of yen		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥ 1,172	¥ 1,738	¥ 566
Bonds	479	484	5
Other	311	333	22
Subtotal	¥ 1,962	¥ 2,555	¥ 593
Securities whose acquisition cost exceeds their carrying value:			
Stock	¥ 856	¥ 686	¥ (170)
Bonds	987	916	(71)
Other	1,028	977	(51)
Subtotal	2,871	2,579	(292)
Total	¥ 4,833	¥ 5,134	¥ 301

Acquisition cost in the tables above represents the book value after the devaluation of certain securities. Loss on devaluation of investment securities for the years ended March 31, 2013 and 2012 amounted to ¥ 101million ($ 1,079thousand) and ¥30million, respectively.

(b) Sale of securities classified as other securities amounted to ¥532 million ($5,656 thousand) and ¥112 million with an aggregate gain of ¥11 million ($115 thousand) and ¥2 million and an aggregate loss of ¥37 million ($391 thousand) and ¥1 million for the years ended March 31, 2013 and 2012, respectively.

15. DERIVATIVE TRANSACTIONS

The Company has entered into foreign currency hedging transactions to reduce their exposure to adverse fluctuations in foreign exchange rates relating to their receivables and payables denominated in foreign currencies.

Summarized below are the notional amounts and the estimated fair value of the derivative transactions outstanding at March 31, 2013 and 2012.

Currency-related transactions

	Millions of yen			Thousands of U.S. dollars (Note 1)		
March 31, 2013	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts						
Sell:						
US$	**¥ 1,088**	**¥ 12**	**¥ 12**	**$ 11,578**	**$ 127**	**$ 127**
Buy:						
US$	**1,882**	**(12)**	**(12)**	**20,016**	**(123)**	**(123)**
Total	**¥ 2,970**	**¥ 0**	**¥ 0**	**$ 31,594**	**$ 4**	**$ 4**

March 31, 2012	Millions of yen Notional amount	 Fair value	 Unrealized gain (loss)
Forward foreign exchange contracts			
Sell:			
US$	¥ 2,193	¥ (22)	¥ (22)
THB	3	(0)	(0)
Buy:			
YEN	97	1	1
US$	1,341	(8)	(8)
Total	¥ 3,634	¥ (29)	¥ (29)

The fair value of forward foreign exchange contracts is mainly based on prices provided by the financial institution making markets in these securities.

Bond Derivatives
With respect to bond derivatives whose fair values cannot be categorized and measured for each embedded derivatives, the entire Bond Derivatives are appraised by fair value, and are included in the Note 14, "Securities."

16. RETIREMENT BENEFIT PLANS

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., defined benefit pension fund plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. Certain domestic consolidated subsidiaries have joined the Organization for Worker's Retirement Allowance Mutual Aid.

The following table sets forth the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2013 and 2012, for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Retirement benefit obligation	**¥ (10,255)**	¥ (10,338)	**$ (109,094)**
Plan assets at fair value	**6,785**	6,262	**72,176**
Unfunded retirement benefit obligation	**(3,470)**	(4,076)	**(36,918)**
Unrecognized actuarial gain or loss	**1,852**	2,771	**19,698**
Unrecognized prior service cost	**(279)**	(433)	**(2,965)**
Prepayment pension cost	**(84)**	(8)	**(890)**
Accrued retirement benefits	**¥ (1,981)**	¥ (1,746)	**$ (21,075)**

The government-sponsored portion of the benefits under the welfare pension fund plan has been included in the amounts shown in the above table.

The components of retirement benefit expenses for the years ended March 31, 2013 and 2012, are outlined as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Service cost	**¥ 328**	¥ 284	**$ 3,486**
Interest cost	**186**	236	**1,975**
Expected return on plan assets	**(157)**	(187)	**(1,665)**
Amortization of unrecognized actuarial gain or loss	**517**	432	**5,500**
Amortization of unrecognized prior service cost	**(154)**	(154)	**(1,636)**
Total	**¥ 720**	¥ 611	**$ 7,660**

The assumptions used in accounting for the above plans were as follows:

	As of March 31, 2013	As of March 31,2012
Discount rate	**1.8%**	1.8%
Expected rate of return on plan assets	**2.5%**	3.0%

17. INCOME TAXES

Deferred income taxes resulting from timing differences in the recognition of income and expenses for financial reporting and for tax purposes and the related tax effects for the years ended March 31, 2013 and 2012, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Deferred tax assets			
Accrued employees' retirement benefits	**¥ 684**	¥ 630	**$ 7,280**
Loss on devaluation of investment securities	**73**	37	**778**
Valuation loss of investment in golf club membership	**70**	70	**743**
Excess employees' bonus allowances	**370**	381	**3,933**
Accrued officers' severance benefits	**84**	78	**891**
Accrued enterprise tax	**82**	68	**875**
Excess allowance for doubtful accounts	**27**	40	**287**
Other	**393**	358	**4,176**
Subtotal	**1,783**	1,662	**18,963**
Valuation allowance	**(152)**	(116)	**(1,616)**
Total	**1,631**	1,546	**17,347**
Deferred tax liabilities			
Unrealized holding gains on securities	**269**	82	**2,859**
Deferred capital gains on land	**123**	123	**1,305**
Other	**1**	1	**8**
Total	**393**	206	**4,172**
Net deferred tax assets	**¥ 1,238**	¥ 1,340	**$ 13,175**

The Company and its consolidated subsidiaries are subject to a number of taxes based on income which, in the aggregate, result in a statutory tax rate of 38.01% in 2013 and 40.69% in 2012. Reconciliation between the effective tax rates reflected in the consolidated statements of income and the above statutory tax rate for the years ended March 31, 2013 and 2012, were as follows:

	2013	2012
Statutory tax rate	**38.01%**	40.69%
Items excluded from nontaxable expenses permanently, such as entertainment expenses	**1.26**	1.24
Items not permanently included in income, such as dividends received	**(0.45)**	(0.55)
Change in valuation allowance	**0.84**	0.32
Effect of tax rate change	**—**	3.31
Other, net	**(2.21)**	(1.05)
Effective tax rates	**37.45%**	43.96%

18. SEGMENT INFORMATION

(1) General information about reportable segments
Reportable segments are components of the Company and its consolidated subsidiaries for which separate financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segments and assess their performance. The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of products in Japan and foreign countries in four segments: Industrial & Ecology Systems; Semiconductor and Electronic Devices; Industrial Devices & Materials; Others.

(2) Basis of measurement for sales, profit or loss, assets, liabilities and other items of reportable segments
Accounting policies and methods used at operating segments are the same as those applied to the Company described on Note 1 and Note 2. Profit or loss of reportable segments is equal to operating income on the consolidated statements of income. Intercompany sales and transfers are based on market current price.

(3) Sales, profit or loss, assets, liabilities and other items by reportable segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2013 and 2012, is summarized as follows:

	Millions of yen						
	Reportable segment						
Year ended or as of March 31, 2013	Industrial & Ecology Systems	Semiconductor and Electronic Devices	Industrial Devices & Materials	Others	Total	Eliminations or corporate	Consolidated
I. Sales and operating income :							
(1) Sales to third parties	**¥ 63,859**	**¥ 110,934**	**¥ 28,936**	**¥ 1**	**¥ 203,730**	**¥ —**	**¥ 203,730**
(2) Intersegment sales and transfer	**7**	**1**	**5**	**169**	**181**	**(181)**	**—**
Total sales	**63,866**	**110,935**	**28,941**	**170**	**203,911**	**(181)**	**203,730**
Operating income	**2,466**	**1,728**	**205**	**39**	**4,437**	**(23)**	**4,414**
II. Assets, depreciation expenses and capital expenditures:							
Total assets	**30,084**	**42,389**	**9,374**	**879**	**82,726**	**25,146**	**107,872**
Depreciation expenses	**148**	**158**	**32**	**4**	**342**	**—**	**342**
Capital expenditures	**¥ 220**	**¥ 204**	**¥ 47**	**¥ 2**	**¥ 473**	**¥ —**	**¥ 473**

	Thousands of U.S. dollars (Note 1)						
	Reportable segment						
Year ended or as of March 31, 2013	Industrial & Ecology Systems	Semiconductor and Electronic Devices	Industrial Devices & Materials	Others	Total	Eliminations or corporate	Consolidated
I. Sales and operating income :							
(1) Sales to third parties	**$ 679,352**	**$ 1,180,150**	**$ 307,831**	**$ 8**	**$ 2,167,341**	**$ —**	**$ 2,167,341**
(2) Intersegment sales and transfer	**73**	**6**	**51**	**1,796**	**1,926**	**(1,926)**	**—**
Total sales	**679,425**	**1,180,156**	**307,882**	**1,804**	**2,169,267**	**(1,926)**	**2,167,341**
Operating income	**26,233**	**18,384**	**2,180**	**412**	**47,209**	**(247)**	**46,962**
II. Assets, depreciation expenses and capital expenditures:							
Total assets	**320,044**	**450,950**	**99,719**	**9,355**	**880,068**	**267,511**	**1,147,579**
Depreciation expenses	**1,572**	**1,685**	**344**	**38**	**3,640**	**—**	**3,640**
Capital expenditures	**$ 2,336**	**$ 2,173**	**$ 497**	**$ 21**	**$ 5,027**	**$ —**	**$ 5,027**

	Millions of yen						
	Reportable segment						
Year ended or as of March 31, 2012	Industrial & Ecology Systems	Semiconductor and Electronic Devices	Industrial Devices & Materials	Others	Total	Eliminations or corporate	Consolidated
I. Sales and operating income :							
(1) Sales to third parties	¥ 63,765	¥ 108,263	¥ 30,694	¥ 2	¥ 202,723	¥ —	¥ 202,723
(2) Intersegment sales and transfer	42	—	6	176	223	(223)	—
Total sales	63,807	108,263	30,700	178	202,946	(223)	202,723
Operating income	2,440	1,211	335	34	4,018	(14)	4,004
II. Assets, depreciation expenses and capital expenditures:							
Total assets	33,589	46,668	10,238	823	91,317	15,862	107,179
Depreciation expenses	150	174	37	7	368	—	368
Capital expenditures	¥ 188	¥ 191	¥ 46	¥ 13	¥ 439	¥ —	¥ 439

The Related Information of the Company and its consolidated subsidiaries for the year ended March 31, 2013 and 2012, is summarized as follows:

	Millions of yen					
Year ended or as of March 31, 2013	Japan	China	Asia-others	North America	Europe	Total
Geographic Information :						
Net Sales	**¥ 154,553**	**¥ 26,471**	**¥ 16,024**	**¥ 2,018**	**¥ 4,664**	**¥ 203,730**

	Thousands of U.S. dollars (Note 1)					
Year ended or as of March 31, 2013	Japan	China	Asia-others	North America	Europe	Total
Geographic Information :						
Net Sales	**$ 1,644,176**	**$ 281,605**	**$ 170,468**	**$ 21,471**	**$ 49,620**	**$ 2,167,341**

	Millions of yen					
Year ended or as of March 31, 2012	Japan	China	Asia-others	North America	Europe	Total
Geographic Information :						
Net Sales	¥ 165,742	¥ 22,060	¥ 12,591	¥ 984	¥ 1,346	¥ 202,723

	Millions of yen	
Year ended or as of March 31, 2013	Net Sales	Related segments
Major client Information :		
Name of clients		
Panasonic corporation	**¥ 26,365**	**Semiconductor and Electronic Devices**

	Thousands of U.S. dollars (Note 1)	
Year ended or as of March 31, 2013	Net Sales	Related segments
Major client Information :		
Name of clients		
Panasonic corporation	**$ 280,483**	**Semiconductor and Electronic Devices**

	Millions of yen	
Year ended or as of March 31, 2012	Net Sales	Related segments
Major client Information :		
Name of clients		
Panasonic corporation	¥ 27,573	Semiconductor and Electronic Devices

19. AMOUNTS PER SHARE

	Yen		U.S. dollar (Note 1)
	2013	2012	**2013**
Net income basic	**¥ 65.74**	¥ 51.06	**$ 0.699**
Cash dividends	**19.00**	18.00	**0.202**
Net assets	**1,247.15**	1,182.20	**13.268**

Basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year, and diluted net income per share was computed based on the net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds and the exercise of warrants. Amounts per share of net assets were computed based on net assets available for distributions to the shareholders and the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

20. SUBSEQUENT EVENT

The following appropriations of retained earnings of the Company, which have not been reflected in the consolidated financial statements for the year ended March 31, 2013, were approved at a directors' meeting held on May 15, 2013:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Cash dividends (¥10.00 = $0.1063 per share)	¥ 434	$ 4,617

Termination of directors' retirement benefit plan and introduction of stock-based compensation plan

On May 15, 2013, the Company's Board of Directors approved a resolution under which the directors' retirement benefit plan was terminated and a stock-based compensation plan to the directors of the Company was introduced. This resolution was also approved at the General Meeting of Shareholders on June 27, 2013.

Under the resolution, the stock-based compensation plan based on Article 361 of the Japanese Corporate Law is described as follows:

- The Company grants stock options to the Company's directors in the form of new share subscription rights.
- The maximum number of shares to be issued is 300,000 common shares.
- One yen per share will be contributed to the capital on the exercise of stock options.
- The exercise period of the options is within 20 years from the next date granted. The stock options granted vest after directors' retirement and have a 10-day life.

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Independent Auditor's Report

The Board of Directors
Ryoden Trading Company, Ltd.

We have audited the accompanying consolidated financial statements of Ryoden Trading Company, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, 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 Ryoden Trading Company, Ltd. and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

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 1.

Ernst & Young ShinNihon LLC

June 27, 2013
Tokyo, Japan

DIRECTORS AND AUDIT & SUPERVISORY BOARD MEMBER

PRESIDENT
Satoshi Yamashita

SENIOR MANAGING DIRECTOR
Masao Kinoshita

MANAGING DIRECTORS
Kazuyoshi Kobayashi, Yoshiaki Okamura,
Shinji Doi, Takamichi Kasugai, Shoichi Chiba, Masaaki Amada

DIRECTORS
Isao Iguchi, Tadanari Kishimoto, Hitoshi Chihara,
Yasuo Watanabe, Kazuaki Arita, Toshiharu Oya,
Akira Shindo, Hideharu Yamazaki

AUDIT & SUPERVISORY BOARD MEMBER
Yoshiaki Tamura, Hitoshi Fushimi, Kentaro Tani, Hideyo Ishino

(As of June 27, 2013)

CORPORATE DATA

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SUBSIDIARIES:
Ryoko Company, Limited
Ryosho Techno Company, Limited
Ryosho Techno Singapore Private Limited
Ryosho Hong Kong Company, Limited
Ryosho U.S.A. Incorporated
Ryosho Electronics (Shanghai) Company, Limited
Ryosho (Thailand) Company, Limited
Ryosho Taiwan Company, Limited
Ryosho Europe GmbH
Ryosho Korea Company, Limited

COMMON STOCK AND CAPITAL:
Total number of shares authorized: 113,100,000 shares
Total number of shares issued: 45,649,955 shares
Amount of stated capital: ¥10,334,298,875

(As of June 27, 2013)