ALTECH Co., Ltd. and Consolidated Subsidiaries

Audited Consolidated Financial Statements

for the Years Ended November 30, 2008 and 2007

Toyo Horwath
Member Horwath International

Toyo Horwarth
7,Kandamitoshirocho,
Chiyoda-Ku,Tokyo 101-0053 Japan
+81-3-3295-1040 Main
+81-3-3295-1993 Fax
E-Mail:info@toyo.or.jp
www.toyo.or.jp

Independent Auditors' Report

To the Board of Directors of
Altech Co., Ltd.

We have audited the accompanying consolidated balance sheets of Altech Co., Ltd. and its consolidated subsidiaries as of November 30, 2008 and 2007, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Altech Co., Ltd. and its consolidated subsidiaries as of November 30, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As more fully described in Note 2 *i.* to the consolidated financial statements, effective from the year ended November 30, 2008, the Company provides for the amount of vested benefits for directors and corporate auditors.

The accompanying consolidated financial statements as of and for the year ended November 30, 2008 have been translated into United States dollars solely for the convenience of the reader. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in yen have been translated into United States dollars on the basis described in Note 1 to the consolidated financial statements.

Toyo Horwath

Toyo Horwath
Tokyo, Japan
February 25, 2009

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets
November 30, 2008 and 2007

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
ASSETS			
CURRENT ASSETS:			
Cash and deposits (Notes 3 and 9)	¥ 3,863,353	¥ 6,749,451	$ 40,437
Trade notes and accounts receivable	6,972,873	7,283,255	72,984
Inventories	1,786,135	1,902,875	18,695
Advances paid	921,509	879,568	9,645
Deferred tax assets (Note 11)	192,886	189,231	2,019
Other current assets	580,275	307,570	6,073
Allowance for doubtful receivables	(51,712)	(50,460)	(541)
Total current assets	14,265,319	17,261,490	149,312
PROPERTY, PLANT AND EQUIPMENT (Notes 6 and 9):			
Buildings and structures (Note 9)	2,490,204	2,316,853	26,065
Machinery and equipment, and vehicles (Notes 6 and 9)	4,508,033	3,784,574	47,185
Land (Note 9)	207,892	214,309	2,176
Construction in progress	220,073	–	2,303
Other	1,672,831	1,343,620	17,509
Total	9,099,033	7,659,356	95,238
Accumulated depreciation	(2,491,020)	(1,851,637)	(26,073)
Net property, plant and equipment	6,608,013	5,807,719	69,165
INTANGIBLE ASSETS, NET	27,324	38,612	286
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4, 5 and 9)	334,769	588,874	3,504
Investment in capital of affiliates (Note 5)	1,051,851	762,557	11,009
Deferred tax assets (Note 11)	149,231	285,302	1,562
Lease deposits	394,171	373,659	4,126
Other assets (Note 7)	483,296	600,250	5,059
Allowance for doubtful receivables	–	(4,544)	–
Total investments and other assets	2,413,318	2,606,098	25,260
TOTAL	¥ 23,313,974	¥ 25,713,919	$ 244,023

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Trade notes and accounts payable	¥ 5,209,827	¥ 6,195,175	$ 54,530
Short-term debt and current portion of long-term debt (Notes 8, 9 and 10)	1,395,108	2,061,736	14,602
Accrued expenses	610,409	780,121	6,389
Income taxes payable (Note 11)	319,083	931,860	3,340
Advances received	1,004,650	1,569,101	10,516
Other current liabilities	495,753	815,980	5,189
Total current liabilities	9,034,830	12,353,973	94,566
LONG-TERM LIABILITIES:			
Long-term debt (Notes 8 and 10):			
Convertible bonds	–	1,191,000	–
Loans from banks and other financial institutions	2,681,292	855,927	28,065
Liabilities for directors' retirement and severance benefits	370,634	–	3,879
Other long-term liabilities	24,726	98,004	259
Total long-term liabilities	3,076,652	2,144,931	32,203
Total liabilities	12,111,482	14,498,904	126,769
SHAREHOLDERS' EQUITY (Note 12):			
Common stock	5,527,830	5,527,830	57,859
Additional paid-in capital	2,783,822	2,783,822	29,138
Retained earnings	2,495,122	2,388,922	26,116
Treasury stock	(222,555)	(222,506)	(2,330)
Total shareholders' equity	10,584,219	10,478,068	110,783
VALUATION AND TRANSLATION ADJUSTMENTS:			
Net unrealized gain (loss) on available-for-sale securities (Note 4)	(37,509)	(36,035)	(393)
Deferred loss on derivatives under hedge accounting	(39,103)	(1,366)	(409)
Foreign currency translation adjustments	550,316	685,777	5,760
Total valuation and translation adjustments	473,704	648,376	4,958
MINORITY INTERESTS	144,569	88,571	1,513
Total net assets	11,202,492	11,215,015	117,254
COMMITMENTS AND CONTINGENCIES (Note 16)			
TOTAL	¥ 23,313,974	¥ 25,713,919	$ 244,023

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income
Years Ended November 30, 2008 and 2007

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
NET SALES	¥ 27,832,516	¥ 29,425,640	$ 291,318
COST OF SALES	22,987,504	24,847,079	240,606
Gross profit	4,845,012	4,578,561	50,712
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 13)	3,851,006	3,606,893	40,308
Operating profit	994,006	971,668	10,404
OTHER INCOME (EXPENSES):			
Interest and dividends income	32,670	37,072	342
Interest expense	(109,397)	(289,726)	(1,145)
Equity in earnings of affiliates	311,705	142,736	3,262
Gain on derivatives	222,623	150,994	2,330
Foreign exchange loss	(97,478)	(153,647)	(1,020)
Commission paid	(46,402)	(15,603)	(486)
Gain on sale of property, plant and equipment	966	3,642,767	10
Gain on sale of investment securities	175,263	132,555	1,834
Loss on disposal of inventories	–	(54,403)	–
Impairment loss	–	(135,853)	–
Revaluation loss on investment securities	(110,898)	(107,170)	(1,161)
Provision for directors' retirement and severance benefits	(345,296)	–	(3,614)
Other—net	(46,491)	(210,269)	(485)
Other income (expenses)—net	(12,735)	3,139,453	(133)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	981,271	4,111,121	10,271
INCOME TAXES (Note 11):			
Current	535,407	994,618	5,604
Deferred	159,538	(111,987)	1,670
Total income taxes	694,945	882,631	7,274
MINORITY INTERESTS	(65,569)	11,834	(686)
NET INCOME	¥ 220,757	¥ 3,240,324	$ 2,311

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets
Years ended November 30, 2008 and 2007

	Thousands of yen										
	Shareholders' equity (Note 12)					Valuation and translation adjustments					
	Common stock	Additional paid-in capital	Retained earnings (accumulated deficit)	Treasury stock	Total	Net unrealized gain (loss) on available-for-sale securities (Note 4)	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Total	Minority interests	Total net assets
Balance at November 30, 2006	¥ 4,023,423	¥ 4,563,089	¥ (4,022,172)	¥ (222,377)	¥ 4,341,963	¥ 31,980	¥ (12,596)	¥ 489,157	¥ 508,541	¥ 96,870	¥ 4,947,374
Changes arising during the year:											
Shares issued	1,504,407	1,495,609			3,000,016						3,000,016
Reversal of additional paid-in capital		(3,274,876)	3,274,876		–						–
Decrease resulting from exclusion of an affiliate accounted for by equity method			(104,106)		(104,106)						(104,106)
Net income			3,240,324		3,240,324						3,240,324
Purchase of treasury stock				(129)	(129)						(129)
Net changes other than shareholders' equity					–	(68,015)	11,230	196,620	139,835	(8,299)	131,536
Total changes during the year	1,504,407	(1,779,267)	6,411,094	(129)	6,136,105	(68,015)	11,230	196,620	139,835	(8,299)	6,267,641
Balance at November 30, 2007	5,527,830	2,783,822	2,388,922	(222,506)	10,478,068	(36,035)	(1,366)	685,777	648,376	88,571	11,215,015
Changes arising during the year:											
Dividends			(114,557)		(114,557)						(114,557)
Net income			220,757		220,757						220,757
Purchase of treasury stock				(49)	(49)						(49)
Net changes other than shareholders' equity					–	(1,474)	(37,737)	(135,461)	(174,672)	55,998	(118,674)
Total changes during the year	–	–	106,200	(49)	106,151	(1,474)	(37,737)	(135,461)	(174,672)	55,998	(12,523)
Balance at November 30, 2008	¥ 5,527,830	¥ 2,783,822	¥ 2,495,122	¥ (222,555)	¥ 10,584,219	¥ (37,509)	¥ (39,103)	¥ 550,316	¥ 473,704	¥ 144,569	¥ 11,202,492

	Thousands of U.S. dollars (Note 1)										
	Shareholders' equity (Note 12)					Valuation and translation adjustments					
	Common stock	Additional paid-in capital	Retained earnings (accumulated deficit)	Treasury stock	Total	Net unrealized gain (loss) on available-for-sale securities (Note 4)	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Total	Minority interests	Total net assets
Balance at November 30, 2007	$ 57,859	$ 29,138	$ 25,004	$ (2,329)	$ 109,672	$ (378)	$ (14)	$ 7,178	$ 6,786	$ 927	$ 117,385
Changes arising during the year:											
Dividends			(1,199)		(1,199)						(1,199)
Net income			2,311		2,311						2,311
Purchase of treasury stock				(1)	(1)						(1)
Net changes other than shareholders' equity					–	(15)	(395)	(1,418)	(1,828)	586	(1,242)
Total changes during the year	–	–	1,112	(1)	1,111	(15)	(395)	(1,418)	(1,828)	586	(131)
Balance at November 30, 2008	$ 57,859	$ 29,138	$ 26,116	$ (2,330)	$ 110,783	$ (393)	$ (409)	$ 5,760	$ 4,958	$ 1,513	$ 117,254

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years ended November 30, 2008 and 2007

	Thousands of yen 2008	Thousands of yen 2007	Thousands of U.S. dollars (Note 1) 2008
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 981,271	¥ 4,111,121	$ 10,271
Depreciation and amortization	878,232	868,714	9,192
Impairment loss	–	135,853	–
Provision for directors’ retirement and severance benefits	370,634	–	3,879
Interest and dividends income	(32,670)	(37,072)	(342)
Interest expense	109,397	290,183	1,145
Equity in earnings of affiliates	(311,705)	(142,736)	(3,262)
Gain on sale of property, plant and equipment	(966)	(3,642,767)	(10)
Decrease in trade receivables	289,612	992,368	3,031
Decrease in inventories	104,288	1,017,835	1,092
Increase in advances paid	(44,015)	(331,979)	(461)
Decrease in trade payables	(957,945)	(1,570,397)	(10,027)
Decrease in advances received	(562,981)	(390,562)	(5,893)
Other, net	(642,468)	340,528	(6,724)
Sub total	180,684	1,641,089	1,891
Interest and dividends received	36,775	54,514	385
Interest paid	(97,540)	(317,085)	(1,021)
Compensation for damage paid	(24,971)	–	(261)
Income taxes paid	(1,195,976)	(233,417)	(12,518)
Income taxes refunded	18,251	89,781	191
Net cash provided by (used in) operating activities	(1,082,777)	1,234,882	(11,333)
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(2,010,655)	(944,816)	(21,045)
Proceeds from sales of property, plant and equipment	176,048	9,128,388	1,843
Proceeds from sale of investment securities	309,475	768,655	3,239
Increase in long-term loans receivable	–	(32,000)	–
Decrease in long-term loans receivable	–	145,462	–
Other, net	(16,259)	(126,014)	(170)
Net cash provided by (used in) investing activities	(1,541,391)	8,939,675	(16,133)
FINANCING ACTIVITIES:			
Decrease in short-term debt	(841,837)	(741,134)	(8,811)
Proceeds from long-term debt	2,883,135	352,250	30,177
Repayments on long-term debt	(882,561)	(8,181,407)	(9,238)
Repayments of bonds	–	(100,000)	–
Repayments of convertible bonds	(1,189,875)	(591,000)	(12,454)
Proceeds from shares issued	–	3,000,016	–
Dividends paid to shareholders	(114,878)	(2,036)	(1,202)
Dividends paid to minority interests	(1,350)	–	(14)
Other, net	(22,123)	11,010	(232)
Net cash used in financing activities	(169,489)	(6,252,301)	(1,774)
Effect of exchange rate changes on cash and cash equivalents	(92,441)	37,760	(968)
Net increase (decrease) in cash and cash equivalents	(2,886,098)	3,960,016	(30,208)
Cash and cash equivalents at beginning of year	6,749,451	2,789,435	70,645
Cash and cash equivalents at end of year (Note 3)	¥ 3,863,353	¥ 6,749,451	$ 40,437

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended November 30, 2008 and 2007

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Altech Co., Ltd. (the "Company") and its domestic subsidiaries maintain their books of account and prepare their financial statements in conformity with financial accounting standards of Japan, and its foreign subsidiaries in conformity with those of the countries of their domicile.

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition certain reclassifications have been made in the 2007 financial statements to conform to the classifications used in 2008.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥95.54 to $1, the approximate rate of exchange at November 30, 2008. Such translations should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Consolidation*** **—** The Consolidated financial statements as of November 30, 2008 include the accounts of the Company and its 9 significant (16 in 2007) subsidiaries (together, the "Group").

Under the control or influence concept, a company in which the Company or its consolidated subsidiaries, directly or indirectly, are able to exercise control over operations is fully consolidated, and a company over which the Group has the ability to exercise significant influence is accounted for by the equity method.

Investments in 3 (4 in 2007) affiliates are accounted for by the equity method. Investment in the remaining 1 (1 in 2007) unconsolidated subsidiary is stated at cost. If the equity method of accounting had been applied to the investment in the company, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. ***Cash Equivalents*** **—** Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value, which mature or become due within three months of the date of acquisition.

c. ***Investment Securities*** **—** Under the Accounting Standards for Financial Instruments, securities are classified into four categories – "trading securities," "held-to-maturity securities," "investments in affiliates" and "available-for-sale securities." Holding securities of the Group are classified as available-for-sale securities which are not classified as either trading securities or held-to-maturity debt securities.

Marketable available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of net assets. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

Realized gains and losses on the available-for-sale securities are computed using the moving-average cost.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

d. ***Allowance for Doubtful Receivables*** **—** The allowance for doubtful receivables is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

e. ***Inventories*** **—** Inventories of consolidated subsidiaries, except Chinese and Indonesian consolidated subsidiaries, are stated at cost determined by the specific identification method. Inventories of Chinese and Indonesian consolidated subsidiaries are stated at the lower of cost, determined by the moving-average method, or market.

f. ***Property, Plant and Equipment*** **—** Property, plant and equipment are stated at cost. Depreciation of the Company and its consolidated subsidiaries, except Chinese and Indonesian consolidated subsidiaries, is computed by the declining-balance method, while the straight-line method is applied to the buildings acquired on and after April 1, 1998, at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 3 to 50 years for buildings and structures, and from 2 to 15 years for machinery and equipment, and vehicles.

Depreciation of Chinese and Indonesian consolidated subsidiaries is computed by the straight-line method. The range of useful lives is principally from 5 to 20 years for buildings and structures, and from 5 to 10 years for machinery and equipment, and vehicles.

From the year ended November 30, 2008, pursuant to an amendment to the Corporation Tax Law, property, plant and equipment acquired on or before March 31, 2007 which were depreciated to the allowable limit (95% of the acquisition cost) in a particular business year can be further depreciated down to ¥1 evenly over five years starting from the following business year. The effect of this change was immaterial.

From the year ended November 30, 2007, pursuant to an amendment to the Corporation Tax Law, the Company and its domestic consolidated subsidiaries changed the estimated residual value of property, plant and equipment which was acquired on or after April 1, 2007 from 5% of the acquisition cost to ¥1. The effect of this change was immaterial.

g. ***Long-lived Assets*** **—** The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. ***Income Taxes —*** The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

The Group files a tax return under the consolidated corporate-tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and it's wholly owned domestic subsidiaries.

i. ***Directors' Retirement and Severance Benefits —*** The Company has unfunded defined benefit pension plans for directors and corporate auditors. The provision for the plans has been made in the accompanying consolidated financial statements for vested benefits to which directors and corporate auditors are entitled if they were to retire and sever immediately at the balance sheet date.

Prior to December 1, 2007, the Company had recognized expenses for retirement benefits to directors and corporate auditors at the time of payment. Effective from the year ended November 30, 2008, the Company provides for the amount of vested benefits to which directors and corporate auditors are entitled if they were to retire or sever immediately at the balance sheet date in accordance with a Report of the Auditing and Assurance Practice Committee, "An Auditing Treatment for Retirement Benefits to Directors and Corporate Auditors", which was published by the Japanese Institute of Certified Public Accountants on April 13, 2007. As a result, operating income decreased be ¥25,337 thousand ($265 thousand) and income before income taxes and minority interests declined by ¥370,634 thousand ($3,879 thousand).

j. ***Foreign Currency Transactions —*** All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

k. ***Foreign Currency Financial Statements —*** The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for net assets, which is translated at the historical rate.

Differences arising from such translation were shown as "Foreign currency translation adjustments" and "Minority interests" in a separate component of net assets.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the current exchange rate.

l. ***Derivatives and Hedging Activities —*** The Group uses derivative financial instruments to manage their exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, currency swaps and interest rate swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks and reduce financing costs. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: (a) all derivatives are measured at fair value and recognized as either assets or liabilities, and gains or losses on derivative transactions are recognized in the statements of income and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Foreign exchange contracts are utilized to hedge foreign currency exposures in export sales and in purchase of goods from overseas suppliers. Monetary receivables and trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

Foreign exchange contracts utilized for forecasted (or committed) transactions are also measured at the fair value, but the unrealized gains/losses are deferred until the underlying transactions are completed.

Currency swaps are measured at fair value and the unrealized gains/losses are recognized in the consolidated statements of income.

Interest rate swaps which qualify for hedge accounting are measured at fair value at the balance sheet date, and the unrealized gains or losses are deferred until maturity as other liability or asset. Additionally, swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

m. ***Leases* —** All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the financial statements.

3. CASH AND CASH EQUIVALENTS

Reconciliation between “Cash and deposits” in the accompanying consolidated balance sheets and “Cash and cash equivalents” in the accompanying consolidated statements of cash flows at November 30, 2008 and 2007 is follows:

	Thousands of yen		Thousands of U.S. dollars
	2008	2007	2008
Cash and deposits	¥ 3,863,353	¥ 6,749,451	$ 40,437
Cash and cash equivalents	¥ 3,863,353	¥ 6,749,451	$ 40,437

4. INVESTMENT SECURITIES

Acquisition cost, balance sheet amount, and unrealized gain/(loss) of available-for sale securities with fair value as of November 30, 2008 and 2007 are summarized as follows:

	Thousands of yen			
	Acquisition cost	Unrealized gain	Unrealized loss	Balance sheet amount
November 30, 2008				
Equity securities	¥ 248,237	¥ 8,418	¥ (59,079)	¥ 197,576
Debt securities	10,000	146	–	10,146
	¥ 258,237	¥ 8,564	¥ (59,079)	¥ 207,722
November 30, 2007				
Equity securities	¥ 297,501	¥ 12,485	¥ (69,241)	¥ 240,745
Debt securities	10,000	208	–	10,208
	¥ 307,501	¥ 12,693	¥ (69,241)	¥ 250,953

	Thousands of U.S. dollars			
	Acquisition cost	Unrealized Gain	Unrealized loss	Balance sheet amount
November 30, 2008				
Equity securities	$ 2,598	$ 88	$ (618)	$ 2,068
Debt securities	105	1	–	106
	$ 2,703	$ 89	$ (618)	$ 2,174

Securities classified as available-for-sale securities for which fair value is not available at November 30, 2008 and 2007 is follows:

	Thousands of yen		Thousands of U.S. dollars
	2008	2007	2008
Unlisted equity securities	¥ 33,130	¥ 209,520	$ 347
Investment partnership	–	3,647	–
Total	¥ 33,130	¥ 213,167	$ 347

Projected future redemption of available-for-sale securities with maturities at November 30, 2008 are summarized as follows:

	Thousands of yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Debt securities:				
Government bond securities	¥ –	¥ 10,146	¥ –	¥ –

	Thousands of U.S. dollars			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Debt securities:				
Government bond securities	$ –	$ 106	$ –	$ –

For the years ended November 30, 2008 and 2007, proceeds from sales of available-for-sale securities were ¥309,475 thousand ($3,239 thousand) and ¥768,655 thousand, gross realized gains on these sales were ¥175,263 thousand ($1,834 thousand) and ¥132,555 thousand, gross realized losses on these sales were nil and nil, respectively.

5. INVESTMENTS IN AFFILIATES

The aggregate carrying amounts of investments in affiliates as of November 30, 2008 and 2007 are ¥1,145,767 thousand ($11,992 thousand) and ¥828,933 thousand, respectively.

6. LONG-LIVED ASSETS

For the year ended November 30, 2007, the Group reviewed its long-lived assets for impairment and, as a result, recognized an impairment loss as follows:

Location	Usage	Classification	Thousands of yen
Suzhou City, China (The first plant)	Manufacturing facilities	Machinery and equipment, and vehicles	¥ 45,268
Guangzhou City, China	Manufacturing facilities	Machinery and equipment, and vehicles	90,585
Total			¥ 135,853

The long-lived assets that are used for business ("operating assets") are principally grouped by categories used in management accounting, the operating assets of wholesale business are grouped by business office and the operating assets of production business are grouped by plant location. The idle assets are grouped individually by each item. The Company has recognized an impairment loss on the operating assets of production business because of no clear prospects for the future usage of the assets, by reducing their carrying amount to a recoverable amount of each asset. The recoverable amount was measured by net selling price, which was ¥0.

7. LONG-TERM DEPOSITS

With regard to the long-term deposit of ¥200,000 thousand ($2,093 thousand) both at November 30, 2008 and 2007 included in other assets in the accompanying consolidated balance sheets whose maturity date is March 31, 2019, only bank has the right of early cancellation, and if the Company would cancel the deposit before maturity, the Company must pay penalties and may lose some amount of deposit principal.

8. SHORT-TERM DEBT AND LONG-TERM DEBT

Short-term debt at November 30, 2008 and 2007, consisted of notes to banks, loan on deed and bank overdrafts. The average interest rates applicable to the short-term debt are 7.1% and 2.1% at November 30, 2008 and 2007, respectively.

Long-term debt at November 30, 2008 and 2007, consisted of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2008	2007	2008
Unsecured zero coupon convertible bonds with stock acquisition rights, convertible into common stock, due 2009	¥ –	¥ 1,191,000	$ –
Loans from banks and other financial institutions, due serially to 2011 with average interest rates of 2.9%	–	1,432,663	–
Loans from banks and other financial institutions, due serially to 2014 with average interest rates of 4.2%	3,433,237	–	35,935
	3,433,297	2,623,663	35,935
Less current portion	751,945	576,736	7,870
Total	¥ 2,681,292	¥ 2,046,927	$ 28,065

The unsecured zero coupon convertible bonds were issued with share warrants. The bonds holders had the option to call for redemption on June 6, 2008 equal to the face value, and all the bonds were redeemed on the day because the holders exercised all options.

The aggregate annual maturities of long-term debt after November 30, 2009 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2010	¥ 772,519	$ 8,086
2011	675,041	7,066
2012	593,690	6,214
2013	420,042	4,397

At November 30, 2008, the Company has commitment line contracts with five banks to enhance flexibility and efficiency in redemption fund for bonds and operating fund procurement. Components of commitment line contracts were as follows:

	Thousands of yen	Thousands of U.S. dollars
Total commitment line contracts	¥ 2,100,000	$ 21,980
Borrowings	1,100,000	11,513
Unused commitments	¥ 1,000,000	$ 10,467

9. ASSETS PLEDGED

The carrying amounts of assets pledged as collateral and collateralized short-term borrowings at November 30, 2008 and 2007, were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2008	2007	2008
Assets pledged as collateral:			
Buildings and structures	¥ 199,565	¥ –	$ 2,089
Land	127,413	–	1,333
Investment securities	7,815	16,335	82
Total	¥ 334,793	¥ 16,335	$ 3,504
Collateralized debt:			
Short-term borrowings	¥ 334,793	¥ 16,335	$ 3,504

At November 30, 2007, addition to the above, cash and deposits of ¥479,000 thousand were pledged as collateral for affiliates' borrowings from financial institutions.

10. RESTRICTIVE FINANCIAL COVENANTS

Followings are information about syndicated loans at November 30, 2008.

(1) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 26, 2008, balance as of November 30, 2008: ¥900,000 thousand ($9,420 thousand)) have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheets as of the balance sheet date (not the closing date of the interim term) of each fiscal year must be greater than or equal to 75% of consolidated net assets in the immediately preceding fiscal year, or consolidated net assets as of November 30, 2007.

b. The Company must not have two consecutive years of consolidated ordinary loss. Consolidated ordinary loss is defined as "Keijo-sonshitsu" in the consolidated statement of income under accounting principles generally accepted in Japan. An ordinary income or loss, "Keijo-soneki" is an income or loss figure with certain adjustments made to income or loss before income taxes and minority interests.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(2) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 26, 2008, maximum borrowing amount: ¥1,000,000 thousand ($10,467 thousand), balance as of November 30, 2008: nil) have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheets as of the balance sheet date (not the closing date of the interim term) of each fiscal year must be greater than or equal to 75% of consolidated net assets in the immediately preceding fiscal year, or consolidated net assets as of November 30, 2007.

b. The Company must not have two consecutive years of consolidated ordinary loss.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(3) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 26, 2008, maximum borrowing amount: ¥1,100,000 thousand ($11,514 thousand), balance as of November 30, 2008: ¥1,100,000 thousand ($11,514 thousand)) have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheets as of the balance sheet date (not the closing date of the interim term) of each fiscal year must be greater than or equal to 75% of consolidated net assets in the immediately preceding fiscal year, or consolidated net assets as of November 30, 2007.

b. The Company must not have two consecutive years of consolidated ordinary loss.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

There are no syndicated loans at November 30, 2007.

11. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.7% for the years ended November 30, 2008 and 2007.

A reconciliation of the statutory tax rate and the effective tax rate as a percentage of income before income taxes and minority interests for the years ended November 30, 2008 and 2007 is follows:

	2008	2007
Statutory tax rate	40.7%	40.7%
Expenses not deductible for tax purposes	1.9	0.3
Per capita tax	0.8	0.2
Lower income tax rates applicable to income in certain foreign countries	(23.9)	(1.8)
Valuation allowance	28.5	(16.8)
Prior years' income taxes	38.9	–
Not recognized deferred tax on unrealized gain	(1.7)	1.8
Equity in earnings, etc.	(14.9)	(2.2)
Other	0.7	(0.8)
Effective tax rate	70.8%	21.5%

Significant components of deferred tax assets and liabilities at November 30, 2008 and 2007 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2008	2007	2008
Deferred tax assets (current):			
Accrued expenses	¥ 91,722	¥ 86,164	$ 960
Accrued business tax	9,591	51,769	100
Other payables	27,108	–	284
Allowance for doubtful receivables	20,474	20,743	214
Tax loss carryforwards	–	15,768	–
Other	58,955	66,349	617
	207,850	240,793	2,175
Valuation allowance	(4,411)	(40,665)	(46)
	203,439	200,128	2,129
Deferred tax liabilities (current):			
Business tax receivable	5,480	4,890	57
Dividends receivable	609	573	6
Other	4,464	5,434	47
	10,553	10,897	110
Net deferred tax assets	¥ 192,886	¥ 189,231	$ 2,019
Deferred tax assets (non-current):			
Buildings and structures	¥ –	¥ 202	$ –
Machinery and equipments, and vehicles	6,732	–	71
Furniture and fixtures	8,833	–	92
Land	–	869	–
Revaluation loss on investment securities	108,475	–	1,135
Unrealized intercompany profits	5,203	7,962	54
Subsidiaries' stock	–	64,681	–
Allowance for doubtful receivables	–	1,960	–
Tax loss carryforwards	156,936	549,978	1,643
Directors' retirement and severance benefits	150,811	–	1,579
Other	43,184	90,793	452
	480,174	716,445	5,026
Valuation allowance	(330,943)	(406,421)	(3,464)
	149,231	310,024	1,562
Deferred tax liabilities (non-current):			
Unrealized gain on available-for-sale securities	–	24,722	–
	–	24,722	–
Net deferred tax assets	¥ 149,231	¥ 285,302	$ 1,562

12. SHAREHOLDERS' EQUITY

(1) Common Stock

Under the Corporation Law of Japan, the entire amount of the issue price of shares is required to be designated as stated common stock account although a company in Japan may, by resolution of its Board of Directors, account for an amount not exceeding 50% of the issue price of new shares as additional paid-in capital.

The number of authorized shares is 40,000,000 at November 30, 2008 and 2007. Changes in the number of shares of common stock issued for the two years ended November 30, 2008 are as follows:

	Issued shares
Balance as of November 30, 2006	10,556,896
New share issuance through private placement	8,797,700
Balance as of November 30, 2007	19,354,596
Balance as of November 30, 2008	19,354,596

(2) Retained Earnings and Dividends

The Corporation Law provides that an amount equal to 10% of distributions from retained earnings paid by the Company and its Japanese subsidiaries be appropriated as a legal reserve. No further appropriations are required when the total amount of the additional paid-in capital and the legal reserve equals 25% of their respective stated capital. The Corporation Law also provides that additional paid-in capital and legal reserve are available for appropriations by the resolution of the shareholders. Balances of the legal reserve are included in retained earnings in the accompanying consolidated balance sheets.
Cash dividends charged to retained earnings represent dividends paid out during the year. The amount available for dividends is based on the amount recorded in the Company's non-consolidated books of account in accordance with the Corporation Law.

Dividends paid during the year ended November 30, 2008 which was approved by the general meeting of shareholders held on February 26, 2008 were as follows:

(a)	Total dividends	¥114,557 thousand ($1,199 thousand)
(b)	Cash dividends per common share	¥6 ($0.06)
(c)	Record date	November 30, 2007
(d)	Effective date	February 27, 2008

Dividends to be paid after the balance sheet date but the record date for the payment belongs to the year ended November 30, 2008 which was approved by the general meeting of shareholders held on February 25, 2009 are as follows:

(a)	Total dividends	¥114,556 thousand ($1,199 thousand)
(b)	Dividends source	Retained earnings
(b)	Cash dividends per common share	¥6 ($0.06)
(c)	Record date	November 30, 2008
(d)	Effective date	February 26, 2009

No dividends were paid during the year ended November 30, 2007.

(3) Treasury stock

The Corporate Law provides for companies to purchase treasury stock and dispose of treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Changes in the number of shares of treasury stock for the two years ended November 30, 2008 are as follows:

	Shares
Balance as of November 30, 2006	261,528
Acquisition for treasury	320
Balance as of November 30, 2007	261,848
Acquisition for treasury	160
Balance as of November 30, 2008	262,008

13. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Significant components of selling, general and administrative expenses for the years ended November 30, 2008 and 2007 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2008	2007	2008
Allowance for doubtful receivables	¥ 28,960	¥ 1,162	$ 303
Salaries	1,143,576	1,203,527	11,970
Travelling expenses	376,578	389,333	3,942
Reserve for directors' retirement and severance benefits	25,337	–	265
Rent	405,805	–	4,247

14. LEASES

A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value of leased assets, if they have been capitalized at November 30, 2008 and 2007 are as follows:

	Thousands of yen			
	Machinery and equipment	Other property, plant and equipments (Furniture and fixtures)	Intangible assets (Software)	Total
November 30, 2008				
Acquisition cost	¥ 35,000	¥ 185,288	¥ 2,562	¥ 222,850
Accumulated depreciation	7,000	74,126	2,464	83,590
Net book value	¥ 28,000	¥ 111,162	¥ 98	¥ 139,260
November 30, 2007				
Acquisition cost		¥ 111,841	¥ 7,844	¥ 119,685
Accumulated depreciation		62,071	5,860	67,931
Net book value		¥ 49,770	¥ 1,984	¥ 51,754

	Thousands of U.S. dollars			
	Machinery and equipment	Other property, plant and equipments (Furniture and fixtures)	Intangible assets (Software)	Total
November 30, 2008				
Acquisition cost	$ 366	$ 1,940	$ 27	$ 2,333
Accumulated depreciation	73	776	26	875
Net book value	$ 293	$ 1,164	$ 1	$ 1,458

Future minimum payments which include interest portion required under finance leases at November 30, 2008 and 2007 are follows:

	Thousands of yen		Thousands of U.S. dollars
	2008	2007	2008
Within one year	¥ 46,931	¥ 27,871	$ 491
Over one year	91,410	25,313	957
	¥ 138,341	¥ 53,184	$ 1,448

Lease expense, depreciation expense and interest expense under finance leases for the years ended November 30, 2008 and 2007 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2008	2007	2008
Lease expense	¥ 58,422	¥ 71,901	$ 611
Depreciation expense	67,779	63,855	709
Interest expense	6,671	4,179	70

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, are computed by the straight-line method and the interest method, respectively.

15. DERIVATIVES

The Company enters into derivative financial instruments ("derivatives"), including foreign exchange forward contracts and currency swaps to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Company also enters into interest rate swap contracts to manage its interest rate exposures on certain borrowings.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including foreign exchange rates or interest rates. Credit risk is the possibility that a loss may result from counterparty’s failure to perform according to the terms and conditions of the contract.

All derivative transactions are entered into to hedge foreign currency exposures and interest rate exposures incorporated within its business. The Company does not hold or issue derivatives for trading purposes.

Because the counterparties to these derivatives are limited to major financial institutions, the Company does not anticipate any losses arising from credit risk.

Based on the request from each operating section, foreign exchange contracts are executed by the operation department of the Company in accordance with internal settlement regulations. Currency swap and interest rate swap contracts are executed by the financial department of the Company in accordance with the approval of the Board of Directors. The risk of these derivatives is controlled by mutual supervision and check among the operating department and the financial department.

The Company had the following derivatives outstanding at November 30, 2008 and 2007:

	Thousands of yen		
	Contract or notional amounts	Fair value	Valuation gain (loss)
November 30, 2008			
Forward exchange contracts:			
Selling foreign currency:			
U.S. dollar	¥ 6,190	¥ 6,005	¥ 185
Euro	162,692	152,086	10,606
Buying foreign currency:			
U.S. dollar	177,850	165,830	(12,020)
Euro	473,763	418,822	(54,941)
Other currencies	92,561	88,789	(3,772)
Currency swaps			
— Yen receipt, U.S. dollar payment	1,488,799	117,164	117,164
Interest rate swaps			
— fixed rate payment, floating rate receipt	1,058,870	(6,732)	(6,732)
			¥ 50,490
November 30, 2007			
Forward exchange contracts:			
Selling foreign currency:			
U.S. dollar	¥ 120,365	¥ 112,903	¥ 7,462
Euro	368,519	366,826	1,693
Buying foreign currency:			
U.S. dollar	1,040,253	1,006,274	(33,979)
Euro	551,452	556,549	5,097
Other currencies		79,135	604
	78,531		
Currency swaps			
— Yen receipt, U.S. dollar payment	2,083,817	(105,459)	(105,459)
Interest rate swaps			
— fixed rate payment, floating rate receipt	834,890	(8,394)	(8,394)
			¥ (132,976)

	Thousands of U.S. dollars		
	Contract or notional amounts	Fair value	Valuation gain (loss)
November 30, 2008			
Forward exchange contracts:			
Selling foreign currency:			
U.S. dollar	$ 65	$ 63	$ 2
Euro	1,703	1,592	111
Buying foreign currency:			
U.S. dollar	1,862	1,736	(126)
Euro	4,959	4,384	(575)
Other currencies	969	929	(40)
Currency swaps			
— Yen receipt, U.S. dollar payment	15,583	1,226	1,226
Interest rate swaps			
— fixed rate payment, floating rate receipt	11,083	(70)	(70)
			$ 528

16. COMMITMENTS AND CONTINGENCIES

At November 30, 2008, the Group was contingently liable for loan guarantees to its affiliates as follows:

	Thousands of yen	Thousands of U.S. dollars
Altech New Materials (Shenzhen) Co., Ltd.	¥ 241,350	$ 2,526
Well Altech Printing (Suzhou) Co., Ltd.	13,376	140

At November 30, 2008, the Company was contingently liable for investment guarantee of ¥9,690 thousand ($101 thousand) for Altech Asia Pacific Co., Ltd. to SBCS Co., Ltd. and SMBC Co., Ltd, which are subsidiaries of Mitsui Sumitomo Banking Corporation.

17. BALANCES AND TRANSACTIONS WITH RELATED PARTY

The Company has a 40% equity ownership in Esko-Graphics Co., Ltd. at November 30, 2008 and 2007. Balances with the company at November 30, 2008 and 2007, and related transactions for the years then ended are summarized as follows:

	Thousands of yen		Thousands of U.S. dollars
	2008	2007	2008
Balances:			
Other receivables	¥ 1,226	¥ 403	$ 13
Transactions:			
Office rent	6,690	23,994	70

The Company had a 39% equity ownership in Nippon Parison Co., Ltd. at November 30, 2006 and during the year ended November 30, 2007, it became a non-related party due to its third-party share allotment. The amount in below table shows the transaction during the term when it was a related party.

	Thousands of yen
Transactions:	
Guarantee for borrowing form financial institutions	¥ 114,000

The Company has a 15% equity ownership in Re Pallet Co., Ltd. at November 30, 2008. Transactions for the year ended November 30, 2008 were summarized as follows:

	Thousands of yen
Transactions:	
Guarantee for borrowing form financial institutions	¥ 1,657,378

The Company has a 45% equity ownership in Altech New Materials (Shenzhen) Co., Ltd. at November 30, 2008 and 2007. Transactions for the years ended November 30, 2008 and 2007 are summarized as follows:

	Thousands of yen		Thousands of U.S. dollars
	2008	2007	2008
Transactions:			
Guarantee for borrowing form financial institutions	¥ 241,350	¥ 416,813	$ 2,526

18. BUSINESS COMBINATIONS

The Company merged its wholly owned subsidiaries, Altech Communication Co., Ltd., Altech Alt Co., Ltd., Altech ADS Co., Ltd. and Altech ARS Co., Ltd. (together, the "Subsidiaries"), by absorption. The merger was implemented by way of merger by absorption, in which the Company is the surviving company and the Subsidiaries are dissolved. The effective date of merger was March 1, 2008, and no new shares were issued and there was no compensation paid because the Subsidiaries were wholly owned by the Company. The merger was accounted for as the transactions under common control according to "Accounting for Business Combinations." Assets and liabilities which are transferred in cases of transactions within companies under common control should be carried at book value rather than fair value.

19. SEGMENT INFORMATION

(1) Industry Segments

The industry segments of the Group for the years ended November 30, 2008 and 2007 were summarized as follows:

	Thousands of yen				
	2008				
	Wholesale	Production	Total	Elimination / corporate	Consolidated
Sales to customers	¥ 23,635,144	¥ 4,197,372	¥ 27,832,516	¥ –	¥ 27,832,516
Intersegment	234,238	1,932,982	2,167,220	(2,167,220)	–
	23,869,382	6,130,354	29,999,736	(2,167,220)	27,832,516
Operating expenses	23,473,555	5,453,258	28,926,813	(2,088,303)	26,838,510
Operating income	¥ 395,827	¥ 677,096	¥ 1,072,923	¥ (78,917)	¥ 994,006
Total assets	¥ 9,019,205	¥ 10,588,910	¥ 19,608,115	¥ 3,705,859	¥ 23,313,974
Depreciation and amortization	112,445	742,112	854,557	23,280	877,837
Capital expenditures	204,172	1,713,695	1,917,867	85,405	2,003,272

	Thousands of yen				
	2007				
	Wholesale	Production	Total	Elimination / corporate	Consolidated
Sales to customers	¥ 25,959,343	¥ 3,466,297	¥ 29,425,640	¥ –	¥ 29,425,640
Intersegment	686,015	1,757,774	2,443,789	(2,443,789)	–
	26,645,358	5,224,071	31,869,429	(2,443,789)	29,425,640
Operating expenses	25,762,345	5,005,358	30,767,703	(2,313,731)	28,453,972
Operating income	¥ 883,013	¥ 218,713	¥ 1,101,726	¥ (130,058)	¥ 971,668
Total assets	¥ 10,654,322	¥ 9,645,018	¥ 20,299,340	¥ 5,414,579	¥ 25,713,919
Depreciation and amortization	185,829	594,965	780,794	87,920	868,714
Impairment loss	–	135,853	135,853	–	135,853
Capital expenditures	96,955	786,287	883,242	(100,668)	782,574

	Thousands of U.S. dollars				
	2008				
	Wholesale	Production	Total	Elimination / corporate	Consolidated
Sales to customers	$ 247,385	$ 43,933	$ 291,318	$ –	$ 291,318
Intersegment	2,452	20,232	22,684	(22,684)	–
	249,837	64,165	314,002	(22,684)	291,318
Operating expenses	245,694	57,078	302,772	(21,858)	280,914
Operating income	$ 4,143	$ 7,087	$ 11,230	$ (826)	$ 10,404
Total assets	$ 94,403	$ 110,832	$ 205,235	$ 38,788	$ 244,023
Depreciation and amortization	1,177	7,767	8,944	244	9,188
Capital expenditures	2,137	17,937	20,074	894	20,968

The non-categorized operating expenses of ¥124,006 thousand ($1,298 thousand) and ¥105,304 thousand for the years ended November 30, 2008 and 2007 in the Elimination/ corporate line consist primarily of the expense for group strategic planning and management cost for operating companies.

Corporate assets of ¥4,257,915 thousand ($44,567 thousand) and ¥6,027,272 thousand as of November 30, 2008 and 2007 in the Elimination/ corporate line consist primarily of cash and deposits, long-term investments (investments in securities) and assets relating to the group strategic planning and management for operating companies.

(2) Geographical Segments

The geographical segments of the Company and its subsidiaries for the years ended November 30, 2008 and 2007 are as follows:

	Thousands of yen					
	2008					
	Japan	Asia	Others	Total	Elimination / corporate	Consolidated
Sales to customers	¥ 22,987,564	¥ 4,844,952	¥ –	¥ 27,832,516	¥ –	¥ 27,832,516
Intersegment	102,044	286,128	–	388,172	(388,172)	–
	23,089,608	5,131,080	–	28,220,688	(388,172)	27,832,516
Operating expenses	22,626,753	4,506,735	3,757	27,137,245	(298,735)	26,838,510
Operating income (loss)	¥ 462,855	¥ 624,345	¥ (3,757)	¥ 1,083,443	¥ (89,437)	¥ 994,006
Total assets	¥ 9,598,835	¥ 9,787,717	¥ 11,632	¥ 19,398,184	¥ 3,915,790	¥ 23,313,974

	Thousands of yen					
	2007					
	Japan	Asia	Others	Total	Elimination / corporate	Consolidated
Sales to customers	¥ 25,744,971	¥ 3,450,781	¥ 229,888	¥ 29,425,640	¥ –	¥ 29,425,640
Intersegment	547,133	708,793	3,151	1,259,077	(1,259,077)	–
	26,292,104	4,159,574	233,039	30,684,717	(1,259,077)	29,425,640
Operating expenses	25,300,415	3,985,217	233,091	29,518,723	(1,064,751)	28,453,972
Operating income (loss)	¥ 991,689	¥ 174,357	¥ (52)	¥ 1,165,994	¥ (194,326)	¥ 971,668
Total assets	¥ 11,189,885	¥ 8,991,931	¥ 38,687	¥ 20,220,503	¥ 5,493,416	¥ 25,713,919

	Thousands of U.S. dollars					
	2008					
	Japan	Asia	Others	Total	Elimination / corporate	Consolidated
Sales to customers	$ 240,607	$ 50,711	$ –	$ 291,318	$ –	$ 291,318
Intersegment	1,068	2,995	–	4,063	(4,063)	–
	241,675	53,706	–	295,381	(4,063)	291,318
Operating expenses	236,830	47,171	40	284,041	(3,127)	280,914
Operating income (loss)	$ 4,845	$ 6,535	$ (40)	$ 11,340	$ (936)	$ 10,404
Total assets	$ 100,469	$ 102,446	$ 122	$ 203,037	$ 40,986	$ 244,023

The non-categorized operating expenses of ¥124,006 thousand ($1,298 thousand) and ¥105,304 thousand for the years ended November 30, 2008 and 2007 in the Elimination/ corporate line consist primarily of the expense for group strategic planning and management cost for operating companies.

Corporate assets of ¥4,257,915 thousand ($44,567 thousand) and ¥6,027,272 thousand as of November 30, 2008 and 2007 in the Elimination/ corporate line consist primarily of cash and deposits, long-term investments (investments in securities) and assets relating to the group strategic planning and management for operating companies.

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended November 30, 2008 and 2007 is summarized as follows:

	Thousands of yen	Percentage to consolidated sales	Thousands of U.S. dollars
November 30, 2008			
Sales to foreign customers:			
Americas	¥ 811,936	2.9%	$ 8,498
Europe	892,560	3.2	9,342
Asia	5,989,674	21.5	62,693
Others	264,399	1.0	2,768
Total	¥ 7,958,569	28.6%	$ 83,301
Consolidated sales	¥ 27,832,516		$ 291,318
November 30, 2007			
Sales to foreign customers:			
Americas	¥ 566,249	1.9%	
Europe	1,833,511	6.2	
Asia	4,024,153	13.7	
Others	114,934	0.4	
Total	¥ 6,538,847	22.2%	
Consolidated sales	¥ 29,425,640		

20. PER SHARE INFORMATION

(1) Net Income per Share

Basic and diluted net income per share, and reconciliation of the numbers and the amounts used in the basic and diluted net income per share computations for the years ended November 30, 2008 and 2007 are as follows:

	Yen		U.S. dollars
	2008	2007	2008
Basic net income per share	¥ 11.56	¥ 191.47	$ 0.12
Diluted net income per share	–	164.18	–

The diluted net income per share for the year ended November 30, 2008 are not presented as there are no dilutive potential shares at the year end.

	Thousands of yen		Thousands of U.S. dollars
	2008	2007	2007
Net income	¥ 220,757	¥ 3,240,324	$ 2,311
Net income not applicable to common shareholders	–	–	–
Net income applicable to common shareholders	¥ 220,757	¥ 3,240,324	$ 2,311

	Number of shares	
	2008	2007
Weighted average number of shares outstanding on which basic net income per share is calculated	19,092,681	16,923,598
Effect of dilutive convertible bonds	–	2,813,347
Weighted average number of shares outstanding on which diluted net income per share is calculated	–	19,736,945

(2) Net Assets per Share

Net assets per share, and reconciliation of the numbers and the amounts used in the net assets per share computations at November 30, 2008 and 2007 are as follows:

	Yen		U.S. dollars
	2008	2007	2008
Net assets per share	¥ 579.17	¥ 582.76	$ 6.06

	Thousands of yen		Thousands of U.S. dollars
	2008	2007	2008
Total net assets	¥ 11,202,492	¥ 11,215,015	$ 117,254
Amount deducted from total net assets:			
Minority interests	144,569	88,571	1,513
Net assets applicable to common shareholders	¥ 11,057,923	¥ 11,126,444	$ 115,741

	Number of shares	
	2008	2007
Number of shares outstanding at end of year on which net assets per share is calculated	19,092,588	19,092,748