ALTECH Co., Ltd. and Consolidated Subsidiaries

Audited Consolidated Financial Statements for the Years Ended November 30, 2009 and 2008

Crowe Horwath™

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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, 2009 and 2008, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, all expressed in 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, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As more fully described in Note 2 *e.* to the consolidated financial statements, effective from the year ended November 30, 2009, the Company adopted "Accounting Standard for Measurement of Inventories." Furthermore, as more fully described in Note 2 *m.* to the consolidated financial statements, effective from the year ended November 30, 2009, the Company adopted the revised "Accounting Standard for Lease Transactions" and revised "Guidance on Accounting Standard for Lease Transactions."

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, 2009 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 24, 2010

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets
November 30, 2009 and 2008

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
ASSETS			
CURRENT ASSETS:			
Cash and deposits (Note 3)	¥ 2,925,298	¥ 3,863,353	$ 33,698
Trade notes and accounts receivable	4,692,201	6,972,873	54,052
Inventories	1,048,941	1,786,135	12,083
Advances paid	599,862	921,509	6,910
Deferred tax assets (Note 10)	23,373	192,886	269
Other current assets	431,283	580,275	4,968
Allowance for doubtful receivables	(27,080)	(51,712)	(312)
Total current assets	9,693,878	14,265,319	111,668
PROPERTY, PLANT AND EQUIPMENT (Note 8):			
Buildings and structures (Note 8)	2,241,305	2,490,204	25,819
Machinery and equipment, and vehicles (Note 8)	4,582,625	4,508,033	52,789
Land (Note 8)	80,479	207,892	927
Lease assets	155,154	–	1,787
Construction in progress	37,101	220,073	427
Other	1,692,730	1,672,831	19,500
Total	8,789,394	9,099,033	101,249
Accumulated depreciation	(2,910,619)	(2,491,020)	(33,529)
Net property, plant and equipment	5,878,775	6,608,013	67,720
INTANGIBLE ASSETS, NET(Note 8)	183,150	27,324	2,110
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4, 5 and 8)	295,867	334,769	3,408
Investment in capital of affiliates (Note 5)	967,545	1,051,851	11,146
Deferred tax assets (Note 10)	11,291	149,231	130
Lease deposits	378,908	394,171	4,365
Other assets (Note 6)	1,028,816	483,296	11,851
Allowance for doubtful receivables	(547,584)	–	(6,308)
Total investments and other assets	2,134,843	2,413,318	24,592
TOTAL	¥ 17,890,646	¥ 23,313,974	$ 206,090

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Trade notes and accounts payable	¥ 3,076,601	¥ 5,209,827	$ 35,441
Short-term debt and current portion of long-term debt (Notes 7, 8 and 9)	1,085,247	1,395,108	12,501
Accrued expenses	437,425	610,409	5,039
Income taxes payable (Note 10)	64,803	319,083	746
Advances received	797,168	1,004,650	9,183
Deferred tax liabilities (Note 10)	3,352	–	39
Other current liabilities (Note 7)	652,252	495,753	7,514
Total current liabilities	6,116,848	9,034,830	70,463
LONG-TERM LIABILITIES:			
Long-term debt (Notes 7, 8 and 9):	2,137,631	2,681,292	24,624
Liabilities for directors' retirement and severance benefits	132,763	370,634	1,529
Other long-term liabilities (Note 7)	95,822	24,726	1,104
Total long-term liabilities	2,366,216	3,076,652	27,257
Total liabilities	8,483,064	12,111,482	97,720
SHAREHOLDERS' EQUITY (Note 11):			
Common stock	5,527,830	5,527,830	63,677
Additional paid-in capital	2,783,822	2,783,822	32,068
Retained earnings	1,409,141	2,495,122	16,233
Treasury stock	(222,587)	(222,555)	(2,564)
Total shareholders' equity	9,498,206	10,584,219	109,414
VALUATION AND TRANSLATION ADJUSTMENTS:			
Net unrealized loss on available-for-sale securities (Note 4)	(76,699)	(37,509)	(884)
Deferred loss on derivatives under hedge accounting	(2,884)	(39,103)	(33)
Foreign currency translation adjustments	(157,890)	550,316	(1,819)
Total valuation and translation adjustments	(237,473)	473,704	(2,736)
MINORITY INTERESTS	146,849	144,569	1,692
Total net assets	9,407,582	11,202,492	108,370
COMMITMENTS AND CONTINGENCIES (Note 15)			
TOTAL	¥ 17,890,646	¥ 23,313,974	$ 206,090

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Operations
Years Ended November 30, 2009 and 2008

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
NET SALES	¥ 22,182,303	¥ 27,832,516	$ 255,527
COST OF SALES	18,244,134	22,987,504	210,162
Gross profit	3,938,169	4,845,012	45,365
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 12)	3,401,685	3,851,006	39,185
Operating income	536,484	994,006	6,180
OTHER INCOME (EXPENSES):			
Interest and dividends income	17,568	32,670	202
Interest expense	(150,130)	(109,397)	(1,729)
Equity in earnings of affiliates	25,704	311,705	296
Gain on derivatives	28,071	222,623	323
Foreign exchange loss	(243,263)	(97,478)	(2,802)
Commission paid	(12,607)	(46,402)	(145)
Gain on sale of property, plant and equipment	1,155	966	13
Gain on sale of investment securities	11,072	175,263	128
Revaluation loss on investment securities	(33,730)	(110,898)	(389)
Provision for doubtful receivables	(530,053)	–	(6,106)
Loss on claims	(315,375)	–	(3,633)
Provision for directors' retirement and severance benefits	–	(345,296)	–
Other—net	9,623	(46,491)	111
Other income (expenses)—net	(1,191,965)	(12,735)	(13,731)
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	(655,481)	981,271	(7,551)
INCOME TAXES (Note 10):			
Current	52,430	535,407	604
Deferred	257,329	159,538	2,964
Total income taxes	309,759	694,945	3,568
MINORITY INTERESTS	(6,185)	(65,569)	(71)
NET INCOME (LOSS)	¥ (971,425)	¥ 220,757	$ (11,190)

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets
Years ended November 30, 2009 and 2008

Thousands of yen

	Shareholders' equity (Note 11)					Valuation and translation adjustments					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total	Net unrealized 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	¥ 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
Changes arising during the year:											
Dividends			(114,556)		(114,556)						(114,556)
Net loss			(971,425)		(971,425)						(971,425)
Purchase of treasury stock				(32)	(32)						(32)
Net changes other than shareholders' equity					–	(39,190)	36,219	(708,206)	(711,177)	2,280	(708,897)
Total changes during the year	–	–	(1,085,981)	(32)	(1,086,013)	(39,190)	36,219	(708,206)	(711,177)	2,280	(1,794,910)
Balance at November 30, 2009	¥ 5,527,830	¥ 2,783,822	¥ 1,409,141	¥ (222,587)	¥ 9,498,206	¥ (76,699)	¥ (2,884)	¥ (157,890)	¥ (237,473)	¥ 146,849	¥ 9,407,582

Thousands of U.S. dollars (Note 1)

	Shareholders' equity (Note 11)					Valuation and translation adjustments					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total	Net unrealized 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, 2008	$ 63,677	$ 32,068	$ 28,743	$ (2,564)	$ 121,924	$ (432)	$ (450)	$ 6,339	$ 5,457	$ 1,665	$ 129,046
Changes arising during the year:											
Dividends			(1,320)		(1,320)						(1,320)
Net loss			(11,190)		(11,190)						(11,190)
Purchase of treasury stock				(0)	(0)						(0)
Net changes other than shareholders' equity					–	(452)	417	(8,158)	(8,193)	27	(8,166)
Total changes during the year	–	–	(12,510)	(0)	(12,510)	(452)	417	(8,158)	(8,193)	27	(20,676)
Balance at November 30, 2009	$ 63,677	$ 32,068	$ 16,233	$ (2,564)	$ 109,414	$ (884)	$ (33)	$ (1,819)	$ (2,736)	$ 1,692	$ 108,370

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years ended November 30, 2009 and 2008

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
OPERATING ACTIVITIES:			
Income (Loss) before income taxes and minority interests	¥ (655,481)	¥ 981,271	$ (7,551)
Depreciation and amortization	867,722	878,232	9,996
Provision for directors' retirement and severance benefits	(237,335)	370,634	(2,734)
Provision for doubtful receivables	522,952	–	6,024
Interest and dividends income	(17,568)	(32,670)	(202)
Interest expense	151,032	109,397	1,740
Equity in earnings of affiliates	(25,704)	(311,705)	(296)
Increase in claims in bankruptcy and reorganization	(546,492)	–	(6,295)
Gain (Loss) on sale of property, plant and equipment	15,451	(966)	178
Decrease in trade receivables	2,174,917	289,612	25,054
Decrease in inventories	666,631	104,288	7,679
Increase (Decrease) in advances paid	308,416	(44,015)	3,553
Decrease in trade payables	(2,077,778)	(957,945)	(23,935)
Decrease in advances received	(205,091)	(562,981)	(2,363)
Other, net	406,949	(642,468)	4,688
Sub total	1,348,621	180,684	15,536
Interest and dividends received	18,869	36,775	217
Interest paid	(151,584)	(97,540)	(1,746)
Compensation for damage paid	–	(24,971)	–
Income taxes paid	(341,877)	(1,195,976)	(3,938)
Income taxes refunded	69,290	18,251	798
Net cash provided by (used in) operating activities	943,319	(1,082,777)	10,867
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(918,683)	(2,010,655)	(10,583)
Proceeds from sales of property, plant and equipment	16,078	176,048	185
Proceeds from sale of investment securities	13,941	309,475	161
Increase in long-term loans receivable	(3,000)	–	(35)
Other, net	(67,626)	(16,259)	(779)
Net cash used in investing activities	(959,290)	(1,541,391)	(11,051)
FINANCING ACTIVITIES:			
Decrease in short-term debt	(298,052)	(841,837)	(3,433)
Proceeds from long-term debt	380,824	2,883,135	4,387
Repayments on long-term debt	(759,387)	(882,561)	(8,748)
Repayments of convertible bonds	–	(1,189,875)	–
Dividends paid to shareholders	(115,380)	(114,878)	(1,329)
Dividends paid to minority interests	–	(1,350)	–
Other, net	(24,285)	(22,123)	(280)
Net cash used in financing activities	(816,280)	(169,489)	(9,403)
Effect of exchange rate changes on cash and cash equivalents	(105,804)	(92,441)	(1,219)
Net decrease in cash and cash equivalents	(938,055)	(2,886,098)	(10,806)
Cash and cash equivalents at beginning of year	3,863,353	6,749,451	44,504
Cash and cash equivalents at end of year (Note 3)	¥ 2,925,298	¥ 3,863,353	$ 33,698

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended November 30, 2009 and 2008

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.

Previously, a company could use the financial statements of its foreign subsidiaries which have been prepared in conformity with financial accounting standards of the countries of their domicile. From the year ended November 30, 2009, the Company adopted “Practical Solution on unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force (PITF) No. 18, May 17, 2006). This PITF requires that for the preparation of consolidated financial statements, the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should be unified, in principle, and financial statements prepared by foreign subsidiaries in accordance with IFRSs or the generally accepted accounting principles in the United States (U.S. GAAP) tentatively may be used for the consolidation process, however, the items listed in the PITF should be adjusted in the consolidation process so that net income is accounted for in accordance with Japan GAAP unless they are not material. The Company made necessary modification to the consolidated financial statements according to the PITF. The effect of the change on operating profit and loss before income taxes and minority interests is immaterial.

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 2008 financial statements to conform to the classifications used in 2009.

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 ¥86.81 to $1, the approximate rate of exchange at November 30, 2009. 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, 2009 include the accounts of the Company and its 9 significant (9 in 2008) 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 (3 in 2008) affiliates are accounted for by the equity method. Investment in the remaining 2 (1 in 2008) unconsolidated subsidiaries are 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 the Company and consolidated subsidiaries, except for Chinese and Indonesian consolidated subsidiaries, were stated at cost determined by the specific identification method. Inventories of Chinese and Indonesian consolidated subsidiaries were stated at the lower of cost, determined by the moving-average method, or market. From the year ended November 30, 2009, the Company adopted “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006), and inventories held for sale in the ordinary course of business are measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses, determined by the specific identification method, and inventories held by certain subsidiaries were determined by the moving-average method As a result of the change, operating profit decreased by ¥86,881 thousand ($1,001 thousand) and loss before income taxes and minority interests increased by same amount.

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.

g. ***Intangible Assets —*** Intangible assets are carried at cost less amortization. Land use right of ¥106,512 thousand ($1,227 thousand) as of November 30, 2009, which was included in land until the year ended November 30, 2008, are amortized by the straight-line method over the contract terms. The expenses for internal use computer software are deferred and amortized by the straight-line method over the estimated useful lives (5 years).

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 and income before income taxes and minority interests declined by ¥370,634 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*** **—** Previously, finance leases, except for those where the legal title of the underlying property is transferred from the lessor to the lessee at the end of the lease term, are accounted for similarly to operating leases. On March 30, 2007, the ASBJ issued ASBJ Statement No.13, “Accounting Standard for Lease Transactions,” which revised the former accounting standard for lease transactions issued on June 17, 1993, and ASBJ Guidance No.16, “Guidance on Accounting Standard for Lease Transactions,” which revised the former guidance issued on January 18, 1994. From the year ended November 30, 2009, the Company adopted the revised accounting standards. The revised accounting standards require that all finance lease transactions shall be capitalized. Leased assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value. Regarding finance leases transactions without title transfer for which the starting date for the lease transactions is prior to the initial fiscal year in which these new accounting standards apply, the Company and its domestic consolidated subsidiaries have continued recognize lease payments as expenses. The effect of this change on operating profit and loss before income taxes and minority interests is immaterial.

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, 2009 and 2008 is follows:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash and deposits	¥ 2,925,298	¥ 3,863,353	$ 33,698
Cash and cash equivalents	¥ 2,925,298	¥ 3,863,353	$ 33,698

4. INVESTMENT SECURITIES

Acquisition cost, balance sheet amount, and unrealized gain/(loss) of available-for sale securities with fair value as of November 30, 2009 and 2008 are summarized as follows:

	Thousands of yen			
	Acquisition cost	Unrealized gain	Unrealized loss	Balance sheet amount
November 30, 2009				
Equity securities	¥ 247,307	¥ 2,188	¥ (62,506)	¥ 186,989
Debt securities	10,000	47	–	10,047
	¥ 257,307	¥ 2,235	¥ (62,506)	¥ 197,036
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

	Thousands of U.S. dollars			
	Acquisition cost	Unrealized Gain	Unrealized loss	Balance sheet amount
November 30, 2009				
Equity securities	$ 2,849	$ 25	$ (720)	$ 2,154
Debt securities	115	1	–	116
	$ 2,964	$ 26	$ (720)	$ 2,270

Securities classified as available-for-sale securities for which fair value is not available at November 30, 2009 and 2008 is follows:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Unlisted equity securities	¥ 500	¥ 33,130	$ 6

Projected future redemption of available-for-sale securities with maturities at November 30, 2009 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	¥ 10,047	¥ –	¥ –	¥ –

	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	$ 116	$ –	$ –	$ –

For the years ended November 30, 2009 and 2008, proceeds from sales of available-for-sale securities were ¥14,108 thousand ($163 thousand) and ¥309,475thousand, gross realized gains on these sales were ¥11,072 thousand ($128 thousand) and ¥175,263 thousand, gross realized losses on these sales were ¥731 thousand ($8 thousand) and nil, respectively.

5. INVESTMENTS IN AFFILIATES

The aggregate carrying amounts of investments in affiliates as of November 30, 2009 and 2008 are ¥1,065,876 thousand ($12,278 thousand) and ¥1,145,767 thousand, respectively.

6. LONG-TERM DEPOSITS

With regard to the long-term deposit of ¥200,000 thousand ($2,304 thousand) both at November 30, 2009 and 2008 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.

7. SHORT-TERM DEBT AND LONG-TERM DEBT

Short-term debt at November 30, 2009 and 2008, consisted of notes to banks, loan on deed and bank overdrafts. The average interest rates applicable to the short-term debt are 2.9% and 7.1% at November 30, 2009 and 2008, respectively.

Long-term debt at November 30, 2009 and 2008, consisted of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Loans from banks and other financial institutions, due serially to 2014 with average interest rates of 4.2%	¥ –	¥ 3,433,237	$ –
Loans from banks and other financial institutions, due serially to 2014 with average interest rates of 4.0%	2,961,266	–	34,112
	2,961,266	3,433,297	34,112
Less current portion	823,635	751,945	9,488
Total	¥ 2,137,631	¥ 2,681,292	$ 24,624

The aggregate annual maturities of long-term debt after November 30, 2010 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2011	¥ 728,940	$ 8,397
2012	650,526	7,494
2013	484,515	5,581
2014	273,650	3,152

Lease liabilities at November 30, 2009 consisted of the followings:

	Thousands of yen	Thousands of U.S. dollars
Lease liabilities, with average interest rates of 3.7%	¥ 143,123	$ 1,648
Less current portion	54,627	629
Total	¥ 88,496	$ 1,019

The aggregate annual maturities of lease liabilities after November 30, 2010 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2011	¥ 42,892	$ 494
2012	31,815	366
2013	7,360	85
2014	6,429	74

At November 30, 2009, the Company has commitment line contracts with five banks to flexibly and efficiently finance the operating fund. Components of commitment line contracts were as follows:

	Thousands of yen	Thousands of U.S. dollars
Total commitment line contracts	¥ 2,100,000	$ 24,190
Borrowings	1,100,000	12,671
Unused commitments	¥ 1,000,000	$ 11,519

8. ASSETS PLEDGED

The carrying amounts of assets pledged as collateral and collateralized short-term borrowings at November 30, 2009 and 2008, were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Assets pledged as collateral:			
Buildings and structures	¥ 164,772	¥ 199,565	$ 1,898
Land	–	127,413	–
Investment securities	7,230	7,815	83
Land use rights	106,512	–	1,227
Total	¥ 278,514	¥ 334,793	$ 3,208
Collateralized debt:			
Short-term borrowings	¥ 461,612	¥ 334,793	$ 5,317
Long-term borrowings	665,000	–	7,660

9. RESTRICTIVE FINANCIAL COVENANTS

Followings are information about syndicated loans at November 30, 2009.

(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, 2009: ¥700,000 thousand ($8,064 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 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 ($11,519 thousand), balance as of November 30, 2009: 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 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 ($12,671 thousand), balance as of November 30, 2009: ¥1,100,000 thousand ($12,671 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 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.

(4) Long-term loan contracts to the Altech New Materials (Suzhou) Co., Ltd., the consolidated subsidiary of the Company with BOT Lease (H.K.) Co., Ltd., agreement date: March 20, 2009, balance as of November 30, 2009: $1,417 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 of each fiscal year must be greater than or equal to 70% of consolidated net assets as of November 30, 2008.

b. Altech New Materials (Suzhou) Co., Ltd. must not have two consecutive years of the loss which is sum of ordinary loss plus depreciation.

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

(5) Long-term loan contracts to the Altech New Materials (Guangzhou) Co., Ltd., the consolidated subsidiary of the Company with BOT Lease (H.K.) Co., Ltd., agreement date: March 25, 2009, balance as of November 30, 2009: $1,417 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 of each fiscal year must be greater than or equal to 70% of consolidated net assets as of November 30, 2008.

b. Altech New Materials (Guangzhou) Co., Ltd. must not have two consecutive years of the loss which is sum of ordinary loss plus depreciation.

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

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 ($10,367 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 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 ($11,519 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 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 ($12,671 thousand), balance as of November 30, 2008: ¥1,100,000 thousand ($12,671 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 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.

10. 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, 2009 and 2008.

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 year ended November 30, 2008 was follows:

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

The reconciliation for the year ended November 30, 2009 is omitted because loss before income taxes and minority interests are recorded.

Significant components of deferred tax assets and liabilities at November 30, 2009 and 2008 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets (current):			
Accrued expenses	¥ 89,355	¥ 91,722	$ 1,029
Accrued business tax	–	9,591	–
Other payables	71,590	27,108	825
Allowance for doubtful receivables	10,930	20,474	126
Products	86,962	–	1,002
Other	23,086	58,955	266
	281,923	207,850	3,248
Valuation allowance	(258,550)	(4,411)	(2,979)
	23,373	203,439	269
Deferred tax liabilities (current):			
Business tax receivable	2,772	5,480	32
Dividends receivable	580	609	7
Other	–	4,464	–
	3,352	10,553	39
Net deferred tax assets	¥ 20,021	¥ 192,886	$ 230

Deferred tax assets (non-current):			
Machinery and equipments, and vehicles	¥ 8,207	¥ 6,732	$ 95
Furniture and fixtures	2,491	8,833	29
Revaluation loss on investment securities	96,199	108,475	1,108
Unrealized intercompany profits	2,063	5,203	24
Allowance for doubtful receivables	111,356	–	1,283
Tax loss carryforwards	392,970	156,936	4,527
Directors' retirement and severance benefits	54,021	150,811	622
Other	50,794	43,184	585
	718,101	480,174	8,273
Valuation allowance	(706,810)	(330,943)	(8,143)
Net deferred tax assets	¥ 11,291	¥ 149,231	$ 130

11. 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 both November 30, 2009 and 2008. Changes in the number of shares of common stock issued for the two years ended November 30, 2009 are as follows:

	Issued shares
Balance as of November 30, 2007	19,354,596
Balance as of November 30, 2008	19,354,596
Balance as of November 30, 2009	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
(b) Cash dividends per common share	¥6
(c) Record date	November 30, 2007
(d) Effective date	February 27, 2008

Dividends paid during the year ended November 30, 2009 which was approved by the general meeting of shareholders held on February 25, 2009 were as follows:

(a)	Total dividends	¥114,556 thousand ($1,320 thousand)
(b)	Cash dividends per common share	¥6 ($0.07)
(c)	Record date	November 30, 2008
(d)	Effective date	February 26, 2009

Dividends to be paid after the balance sheet date but the record date for the payment belongs to the year ended November 30, 2009 which was approved by the general meeting of shareholders held on February 24, 2010 are as follows:

(a)	Total dividends	¥114,554 thousand ($1,320 thousand)
(b)	Dividends source	Retained earnings
(b)	Cash dividends per common share	¥6 ($0.07)
(c)	Record date	November 30, 2009
(d)	Effective date	February 25, 2010

(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, 2009 are as follows:

	Shares
Balance as of November 30, 2007	261,848
Acquisition for treasury	160
Balance as of November 30, 2008	262,008
Acquisition for treasury	180
Balance as of November 30, 2009	262,188

12. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Significant components of selling, general and administrative expenses for the years ended November 30, 2009 and 2008 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Allowance for doubtful receivables	¥ –	¥ 28,960	$ –
Salaries	1,065,736	1,143,576	12,277
Travelling expenses	284,259	376,578	3,274
Reserve for directors' retirement and severance benefits	30,025	25,337	346
Rent	428,391	405,805	4,935

13. LEASES

A summary of assumed amounts of acquisition cost which includes interest portion, accumulated depreciation and net book value at November 30, 2009 and 2008 are as follows, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Thousands of yen			
	Machinery and equipment	Other property, plant and equipments (Furniture and fixtures)	Intangible assets (Software)	Total
November 30, 2009				
Acquisition cost	¥ 35,000	¥ 110,365	¥ –	¥ 145,365
Accumulated depreciation	14,000	49,754	–	63,754
Net book value	¥ 21,000	¥ 60,611	¥ –	¥ 81,611
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

	Thousands of U.S. dollars			
	Machinery and equipment	Other property, plant and equipments (Furniture and fixtures)	Intangible assets (Software)	Total
November 30, 2009				
Acquisition cost	$ 403	$ 1,271	$ –	$ 1,674
Accumulated depreciation	161	573	–	734
Net book value	$ 242	$ 698	$ –	$ 940

Future minimum payments which include interest portion required under finance leases at November 30, 2009 and 2008 are follows:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Within one year	¥ 32,146	¥ 46,931	$ 370
Over one year	54,250	91,410	625
	¥ 86,396	¥ 138,341	$ 995

Lease expense, depreciation expense and interest expense under finance leases for the years ended November 30, 2009 and 2008 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Lease expense	¥ 34,656	¥ 58,422	$ 399
Depreciation expense	31,599	67,779	364
Interest expense	4,202	6,671	48

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.

14. 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 general affairs department (operation section) of the Company in accordance with internal settlement regulations. Currency swap and interest rate swap contracts are executed by the accounting 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 general affairs department (operation section) and the accounting department.

The Company had the following derivatives outstanding at November 30, 2009 and 2008:

	Thousands of yen		
	Contract or notional amounts	Fair value	Valuation gain (loss)
November 30, 2009			
Forward exchange contracts:			
Selling foreign currency:			
U.S. dollar	¥ 6,532	¥ 6,299	¥ 233
Euro	19,048	18,475	573
Buying foreign currency:			
U.S. dollar	366,198	350,696	(15,502)
Euro	559,163	571,291	12,128
Other currencies	20,100	19,491	(609)
Currency swaps			
— Yen receipt, U.S. dollar payment	893,781	145,235	145,235
Interest rate swaps			
— fixed rate payment, floating rate receipt	764,440	(8,101)	(8,101)
			¥ 133,957
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

	Thousands of U.S. dollars		
	Contract or notional amounts	Fair value	Valuation gain (loss)
November 30, 2009			
Forward exchange contracts:			
Selling foreign currency:			
U.S. dollar	$ 75	$ 73	$ 2
Euro	219	213	6
Buying foreign currency:			
U.S. dollar	4,218	4,040	(178)
Euro	6,441	6,581	140
Other currencies	232	225	(7)
Currency swaps			
— Yen receipt, U.S. dollar payment	10,296	1,673	1,673
Interest rate swaps			
— fixed rate payment, floating rate receipt	8,806	(93)	(93)
			$ 1,543

15. COMMITMENTS AND CONTINGENCIES

At November 30, 2009, the Group was contingently liable for loan guarantees to its affiliates as follows:

	Thousands of yen	Thousands of U.S. dollars
Well Altech Printing (Suzhou) Co., Ltd.	¥ 11,679	$ 135

At November 30, 2009, the Company was contingently liable for investment guarantee of ¥9,342 thousand ($108 thousand) for Altech Asia Pacific Co., Ltd. to SBCS Co., Ltd. and SMBC Co., Ltd, which are subsidiaries of Mitsui Sumitomo Banking Corporation.

16. BALANCES AND TRANSACTIONS WITH RELATED PARTY

The Company has a 40% equity ownership in Esko-Graphics Co., Ltd. at November 30, 2009 and 2008. Balances with the company at November 30 2008, and related transactions for the year then ended were summarized as follows:

	Thousands of yen
Balances:	
Other receivables	¥ 1,226
Transactions:	
Office rent	6,690

The Company has a 45% equity ownership in Altech New Materials (Shenzhen) Co., Ltd. at November 30, 2009 and 2008, and related transactions for the year ended November 30, 2008 were summarized as follows:

	Thousands of yen
Transactions:	
Guarantee for borrowing form financial institutions	¥ 241,350

At November 30, 2009, the Company extended a ¥32,000 thousand ($369 thousand) loan to Mr. Yoshinori Ueki, a director and senior corporate officer of the Company. Interest rate of the loan is determined by arms-length between the Company and Mr. Ueki, and the Company received the Company's stocks held by Mr. Ueki as a guarantee.

17. 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.

18. SEGMENT INFORMATION

(1) *Industry Segments*

The industry segments of the Group for the years ended November 30, 2009 and 2008 were summarized as follows:

	Thousands of yen				
	2009				
	Wholesale	Production	Total	Elimination / corporate	Consolidated
Sales to customers	¥ 18,116,173	¥ 4,066,130	¥ 22,182,303	¥ –	¥ 22,182,303
Intersegment	208,965	1,444,970	1,653,935	(1,653,935)	–
	18,325,138	5,511,100	23,836,238	(1,653,935)	22,182,303
Operating expenses	18,432,747	4,760,770	23,193,517	(1,547,698)	21,645,819
Operating income	¥ (107,609)	¥ 750,330	¥ 642,721	¥ (106,237)	¥ 536,484
Total assets	¥ 6,513,487	¥ 7,969,594	¥ 14,483,081	¥ 3,407,565	¥ 17,890,646
Depreciation and amortization	112,530	745,289	857,819	9,903	867,722
Capital expenditures	218,648	868,932	1,087,580	73,605	1,161,185

	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 U.S. dollars				
	2009				
	Wholesale	Production	Total	Elimination / corporate	Consolidated
Sales to customers	$ 208,688	$ 46,839	$ 255,527	$ –	$ 255,527
Intersegment	2,407	16,645	19,052	(19,052)	–
	211,095	63,484	274,579	(19,052)	255,527
Operating expenses	212,335	54,841	267,176	(17,829)	249,347
Operating income	$ (1,240)	$ 8,643	$ 7,403	$ (1,223)	$ 6,180
Total assets	$ 75,032	$ 91,805	$ 166,837	$ 39,253	$ 206,090
Depreciation and amortization	1,296	8,585	9,881	114	9,995
Capital expenditures	2,519	10,010	12,529	848	13,377

The non-categorized operating expenses of ¥83,734 thousand ($965 thousand) and ¥124,006 thousand for the years ended November 30, 2009 and 2008 in the Elimination/ corporate line consist primarily of the expense for group strategic planning and management cost for operating companies.

Corporate assets of ¥3,712,371 thousand ($42,764 thousand) and ¥4,257,915 thousand as of November 30, 2009 and 2008 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.

For the year ended November 30, 2009, as described in Note 2. e., the Company adopted “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006). As a result of these changes, operating income of each segment decreased as follows:

	Millions of yen	Thousands of U.S. dollars
Wholesale	¥ 81,618	$ 940
Production	5,263	61

For the year ended November 30, 2009, as described in Note 2. m., the Company adopted revised “Accounting Standard for Lease Transactions” (ASBJ Statement No.13, July 17, 1993) and revised “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16, January 18, 1994).

The effect of this change on operating income of each segment is immaterial.

(2) Geographical Segments

The geographical segments of the Company and its subsidiaries for the years ended November 30, 2009 and 2008 are as follows:

	Thousands of yen					
	2009					
	Japan	Asia	Others	Total	Elimination / corporate	Consolidated
Sales to customers	¥ 18,045,522	¥ 4,136,781	¥ –	¥ 22,182,303	¥ –	¥ 22,182,303
Intersegment	154,393	305,524	–	459,917	(459,917)	–
	18,199,915	4,442,305	–	22,642,220	(459,917)	22,182,303
Operating expenses	18,222,874	3,766,915	–	21,989,789	(343,970)	21,645,819
Operating income (loss)	¥ (22,959)	¥ 675,390	¥ –	¥ 652,431	¥ (115,947)	¥ 536,484
Total assets	¥ 6,975,029	¥ 7,356,470	¥ –	¥ 14,331,499	¥ 3,559,147	¥ 17,890,646

	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 U.S. dollars					
	2009					
	Japan	Asia	Others	Total	Elimination / corporate	Consolidated
Sales to customers	$ 207,874	$ 47,653	$ –	$ 255,527	$ –	$ 255,527
Intersegment	1,779	3,519	–	5,298	(5,298)	–
	209,653	51,172	–	260,825	(5,298)	255,527
Operating expenses	209,916	43,393	–	253,309	(3,962)	249,347
Operating income (loss)	$ (263)	$ 7,779	$ –	$ 7,516	$ (1,336)	$ 6,180
Total assets	$ 80,349	$ 84,742	$ –	$ 165,091	$ 40,999	$ 206,090

The non-categorized operating expenses of ¥83,734 thousand ($965 thousand) and ¥124,006 thousand for the years ended November 30, 2009 and 2008 in the Elimination/ corporate line consist primarily of the expense for group strategic planning and management cost for operating companies.

Corporate assets of ¥3,712,371 thousand ($42,764 thousand) and ¥4,257,915 thousand as of November 30, 2009 and 2008 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.

For the year ended November 30, 2009, as described in Note 2. e., the Company adopted “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006). As a result of these changes, operating income of Japan decreased ¥86,881 thousand ($1,001 thousand).

For the year ended November 30, 2009, as described in Note 2. m., the Company adopted revised “Accounting Standard for Lease Transactions” (ASBJ Statement No.13, July 17, 1993) and revised “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16, January 18, 1994). The effect of this change on operating income of each segment is immaterial.

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended November 30, 2009 and 2008 is summarized as follows:

	Thousands of yen	Percentage to consolidated sales	Thousands of U.S. dollars
November 30, 2009			
Sales to foreign customers:			
Americas	¥ 104,891	0.5%	$ 1,208
Europe	2,174,004	9.8	25,043
Asia	4,463,232	20.1	51,414
Others	192,233	0.9	2,215
Total	¥ 6,934,360	31.3%	$ 79,880
Consolidated sales	¥ 22,182,303		$ 255,527
November 30, 2008			
Sales to foreign customers:			
Americas	¥ 811,936	2.9%	
Europe	892,560	3.2	
Asia	5,989,674	21.5	
Others	264,399	1.0	
Total	¥ 7,958,569	28.6%	
Consolidated sales	¥ 27,832,516		

19. PER SHARE INFORMATION

(1) Net Income (Loss) per Share

Basic and diluted net income (loss) per share, and reconciliation of the numbers and the amounts used in the basic net income (loss) per share and diluted net income per share computations for the years ended November 30, 2009 and 2008 are as follows:

	Yen		U.S. dollars
	2009	2008	2009
Basic net income (loss) per share	¥ (50.88)	¥ 11.56	$ (0.59)
Diluted net income per share	–	–	–

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

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Net income (loss)	¥ (971,425)	¥ 220,757	$ (11,190)
Net income (loss) not applicable to common shareholders	–	–	–
Net income (loss) applicable to common shareholders	¥ (971,425)	¥ 220,757	$ (11,190)

	Number of shares	
	2009	2008
Weighted average number of shares outstanding on which basic net income per share is calculated	19,092,479	19,092,681
Effect of dilutive convertible bonds	–	–
Weighted average number of shares outstanding on which diluted net income per share is calculated	–	–

(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, 2009 and 2008 are as follows:

	Yen		U.S. dollars
	2009	2008	2009
Net assets per share	¥ 485.05	¥ 579.17	$ 5.59

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Total net assets	¥ 9,407,582	¥ 11,202,492	$ 108,370
Amount deducted from total net assets:			
Minority interests	146,849	144,569	1,692
Net assets applicable to common shareholders	¥ 9,260,733	¥ 11,057,923	$ 106,678

	Number of shares	
	2009	2008
Number of shares outstanding at end of year on which net assets per share is calculated	19,092,408	19,092,588