ALTECH Co., Ltd. and Consolidated Subsidiaries

Audited Consolidated Financial Statements

for the Years Ended November 30, 2011 and 2010

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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, 2011 and 2010, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended, and the related consolidated statement of comprehensive loss for the year ended November 30, 2011, 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, 2011 and 2010, 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 *n.* to the consolidated financial statements, effective from the year ended November 30, 2011, the Company applied the "Accounting Standard for Asset Retirement Obligations."

The accompanying consolidated financial statements as of and for the year ended November 30, 2011 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.

BDO Toyo & Co
Tokyo, Japan
February 28, 2012

BDO Toyo & Co

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ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets
November 30, 2011 and 2010

	Thousands of yen 2011	Thousands of yen 2010	Thousands of U.S. dollars (Note 1) 2011
ASSETS			
CURRENT ASSETS:			
Cash and deposits (Note 3)	¥ 2,778,692	¥ 2,328,920	$ 35,565
Trade notes and accounts receivable	3,637,406	3,665,062	46,556
Inventories	1,604,406	1,126,378	20,535
Advances paid	698,668	388,103	8,942
Deferred tax assets (Note 10)	26,025	31,458	333
Other current assets	577,494	364,493	7,392
Allowance for doubtful receivables	(20,288)	(18,874)	(260)
Total current assets	9,302,403	7,885,540	119,063
PROPERTY, PLANT AND EQUIPMENT :			
Buildings and structures (Note 8)	2,143,866	2,204,492	27,440
Machinery and equipment, and vehicles	4,773,117	4,494,345	61,092
Land	80,479	80,479	1,030
Lease assets	323,530	259,524	4,141
Construction in progress	77,071	678,782	986
Other	1,795,071	1,503,352	22,976
Total	9,193,134	9,220,974	117,665
Accumulated depreciation	(4,026,559)	(3,525,232)	(51,537)
Net property, plant and equipment	5,166,575	5,695,742	66,128
INTANGIBLE ASSETS, NET (Note 8)	317,752	159,673	4,067
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4, 5 and 8)	284,414	309,589	3,640
Investment in capital of affiliates (Note 5)	934,589	1,092,433	11,962
Deferred tax assets (Note 10)	25,456	20,867	326
Lease deposits	200,492	267,798	2,566
Other assets (Note 6)	903,465	956,063	11,564
Allowance for doubtful receivables	(539,224)	(530,257)	(6,902)
Total investments and other assets	1,809,192	2,116,493	23,156
TOTAL	¥ 16,595,922	¥ 15,857,448	$ 212,414

	Thousands of yen 2011	Thousands of yen 2010	Thousands of U.S. dollars (Note 1) 2011
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Trade notes and accounts payable	¥ 2,281,621	¥ 2,391,334	$ 29,203
Short-term borrowings and current portion of long-term borrowings (Notes 7, 8 and 9)	1,902,304	1,171,133	24,348
Current portion of bond (Note 7)	20,000	–	256
Accrued expenses	382,939	459,250	4,901
Income taxes payable (Note 10)	48,236	29,984	618
Advances received	1,104,929	514,300	14,142
Deferred tax liabilities (Note 10)	1,595	2,566	20
Other current liabilities	462,127	512,352	5,915
Total current liabilities	6,203,751	5,080,919	79,403
LONG-TERM LIABILITIES:			
Bond (Note 7)	70,000	–	896
Long-term borrowings (Notes 7, 8 and 9)	1,464,778	1,412,900	18,748
Deferred tax liabilities (Note 10)	80,428	–	1,029
Other long-term liabilities	45,319	261,446	580
Total long-term liabilities	1,660,525	1,674,346	21,253
Total liabilities	7,864,276	6,755,265	100,656
SHAREHOLDERS' EQUITY (Note 12):			
Common stock	5,527,830	5,527,830	70,752
Additional paid-in capital	2,366,770	2,783,822	30,293
Retained earnings	1,710,239	1,301,941	21,890
Treasury stock	(222,787)	(222,689)	(2,852)
Total shareholders' equity	9,382,052	9,390,904	120,083
ACCUMULATED OTHER COMPREHENSIVE LOSS:			
Net unrealized loss on available-for-sale securities (Note 4)	(21,061)	(16,313)	(270)
Deferred loss on derivatives under hedge accounting (Note 21)	(8,069)	(15,315)	(103)
Foreign currency translation adjustments	(690,527)	(445,160)	(8,838)
Total accumulated other comprehensive loss	(719,657)	(476,788)	(9,211)
STOCK ACQUISITION RIGHTS (Note 13)	19,876	–	254
MINORITY INTERESTS	49,375	188,067	632
Total net assets	8,731,646	9,102,183	111,758
COMMITMENTS AND CONTINGENCIES (Note 22)			
TOTAL	¥ 16,595,922	¥ 15,857,448	$ 212,414

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income
Years Ended November 30, 2011 and 2010

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
NET SALES	¥ 16,854,877	¥ 19,272,797	$ 215,729
COST OF SALES	13,857,985	15,723,327	177,371
Gross profit	2,996,892	3,549,470	38,358
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 14 and 15)	2,737,417	3,227,221	35,037
Operating profit	259,475	322,249	3,321
OTHER INCOME (EXPENSES):			
Interest and dividends income	21,431	14,903	274
Interest expense	(115,564)	(113,662)	(1,479)
Equity in earnings of affiliates	129,179	210,397	1,653
Loss on derivatives	(77,774)	(67,461)	(995)
Foreign exchange gain	83,123	11,940	1,064
Insurance payments received	60,757	–	778
Gain on negative goodwill incurred	22,279	–	285
Insurance premiums refunded cancellation	28,133	–	360
Gain on business separation	40,850	19,000	523
Provision for doubtful receivables	(15,170)	–	(194)
Revaluation loss on investment in capital	(11,144)	(34,710)	(143)
Cumulative effect on prior years of new accounting standard for asset retirement obligations (Note 11)	(18,400)	–	(236)
Impairment loss (Note 16)	(58,519)	–	(749)
Disaster loss (Note 17)	(115,498)	–	(1,478)
Revaluation loss on investment securities	–	(39,624)	–
Reversal of directors' retirement and severance benefits	–	134,098	–
Refund of withholding tax	–	48,198	–
Special retirement payment	–	(48,129)	–
Payment of legal settlement	–	(315,944)	–
Other—net	(42,735)	(40,207)	(547)
Other expenses—net	(69,052)	(221,201)	(884)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	190,423	101,048	2,437
INCOME TAXES (Note 10):			
Current	55,239	62,855	707
Deferred	76,917	(25,749)	984
Total income taxes	132,156	37,106	1,691
INCOME BEFORE MINORITY INTERESTS	58,267	63,942	746
MINORITY INTERESTS	(9,745)	(56,588)	(125)
NET INCOME	¥ 48,522	¥ 7,354	$ 621

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Loss
Year Ended November 30, 2011

	Thousands of yen	Thousands of U.S. dollars (Note 1)
INCOME BEFORE MINORITY INTERESTS	¥ 58,267	$ 746
OTHER COMPREHENSIVE LOSS:		
Net unrealized loss on available-for-sale securities	(4,748)	(61)
Deferred gain on derivatives under hedge accounting	7,246	93
Foreign currency translation adjustments	(245,367)	(3,140)
Total other comprehensive loss	(242,869)	(3,108)
COMPREHENSIVE LOSS	¥ (184,602)	$ (2,362)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:		
Comprehensive loss attributable to owners of parent	(189,088)	(2,420)
Comprehensive income attributable to minority interests	4,486	58

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets
Years ended November 30, 2011 and 2010

	Thousands of yen											
	Shareholders' equity (Note 12)					Accumulated other comprehensive loss						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total	Net unrealized loss on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Total	Stock acquisition rights	Minority interests	Total net assets
						(Note 4)	(Note 21)			(Note 13)		
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
Changes arising during the year:												
Dividends			(114,554)		(114,554)							(114,554)
Net income			7,354		7,354							7,354
Purchase of treasury stock				(102)	(102)							(102)
Net changes other than shareholders' equity					–	60,386	(12,431)	(287,270)	(239,315)	–	41,218	(198,097)
Total changes during the year	–	–	(107,200)	(102)	(107,302)	60,386	(12,431)	(287,270)	(239,315)	–	41,218	(305,399)
Balance at November 30, 2010	5,527,830	2,783,822	1,301,941	(222,689)	9,390,904	(16,313)	(15,315)	(445,160)	(476,788)	–	188,067	9,102,183
Changes arising during the year:												
Transfer to retained earnings		(359,776)	359,776		–							–
Dividends		(57,276)			(57,276)							(57,276)
Net income			48,522		48,522							48,522
Purchase of treasury stock				(98)	(98)							(98)
Net changes other than shareholders' equity					–	(4,748)	7,246	(245,367)	(242,869)	19,876	(138,692)	(361,685)
Total changes during the year	–	(417,052)	408,298	(98)	(8,852)	(4,748)	7,246	(245,367)	(242,869)	19,876	(138,692)	(370,537)
Balance at November 30, 2011	¥ 5,527,830	¥ 2,366,770	¥ 1,710,239	¥ (222,787)	¥ 9,382,052	¥ (21,061)	¥ (8,069)	¥ (690,527)	¥ (719,657)	¥ 19,876	¥ 49,375	¥ 8,731,646

	Thousands of U.S. dollars (Note 1)											
	Shareholders' equity (Note 11)					Accumulated other comprehensive loss						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total	Net unrealized loss on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Total	Stock acquisition rights	Minority interests	Total net assets
						(Note 4)	(Note 21)			(Note 13)		
Balance at November 30, 2010	$ 70,752	$ 35,631	$ 16,664	$ (2,850)	$ 120,197	$ (209)	$ (196)	$ (5,698)	$ (6,103)	$ –	$ 2,407	$ 116,501
Changes arising during the year:												
Transfer to retained earnings		(4,605)	4,605		–							–
Dividends		(733)			(733)							(733)
Net income			621		621							621
Purchase of treasury stock				(2)	(2)							(2)
Net changes other than shareholders' equity					–	(61)	93	(3,140)	(3,108)	254	(1,775)	(4,629)
Total changes during the year	–	(5,338)	5,226	(2)	(114)	(61)	93	(3,140)	(3,108)	254	(1,775)	(4,743)
Balance at November 30, 2011	$ 70,752	$ 30,293	$ 21,890	$ (2,852)	$ 120,083	$ (270)	$ (103)	$ (8,838)	$ (9,211)	$ 254	$ 632	$ 111,758

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years ended November 30, 2011 and 2010

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 190,423	¥ 101,048	$ 2,437
Depreciation and amortization	868,625	852,890	11,118
Provision for directors' retirement and severance benefits	–	(133,304)	–
Impairment loss	58,519	–	749
Provision for doubtful receivables	10,381	(25,533)	133
Interest and dividends income	(21,431)	(14,903)	(274)
Interest expense	115,564	113,662	1,479
Equity in earnings of affiliates	(129,179)	(210,398)	(1,653)
Gain on negative goodwill incurred	(22,279)	–	(285)
Cumulative effect on prior years of new accounting standard for asset retirement obligations	18,400	–	236
Disaster loss	115,498	–	1,478
Gain on business separation	(40,850)	(19,000)	(523)
Payment of legal settlement	–	315,944	–
Decrease (Increase) in trade receivables	(35,924)	1,006,964	(460)
Decrease in inventories	(510,263)	(90,724)	(6,531)
Decrease (Increase) in advances paid	(318,998)	208,466	(4,083)
Decrease in trade payables	(84,141)	(677,395)	(1,077)
Increase (Decrease) in advances received	597,614	(278,647)	7,649
Other, net	152,477	6,911	1,951
Sub total	964,436	1,155,981	12,344
Interest and dividends received	16,530	15,042	212
Interest paid	(117,476)	(116,295)	(1,504)
Payment of legal settlement	–	(315,944)	–
Income taxes paid	(68,358)	(99,011)	(875)
Income taxes refunded	15,448	34,231	198
Proceeds from insurance	60,757	–	778
Net cash provided by operating activities	871,337	674,004	11,153
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(682,446)	(543,331)	(8,735)
Proceeds from sales of property, plant and equipment	8,521	56,510	109
Proceeds from business separation	27,075	19,000	347
Payments for acquisition of additional acquisition of shares consolidated subsidiaries	(124,674)	–	(1,596)
Other, net	(233,927)	48,922	(2,994)
Net cash used in investing activities	(1,005,451)	(418,899)	(12,869)
FINANCING ACTIVITIES:			
Increase in short-term debt	753,891	194,014	9,649
Proceeds from long-term debt	872,021	50,000	11,161
Repayments on long-term debt	(764,186)	(833,314)	(9,781)
Proceeds from bond issues	100,000	–	1,280
Repayments on long-term accounts payable	(194,469)	–	(2,489)
Dividends paid to shareholders	(57,178)	(113,066)	(732)
Other, net	(82,529)	(123,347)	(1,056)
Net cash provided by (used in) financing activities	627,550	(825,713)	8,032
Effect of exchange rate changes on cash and cash equivalents	(43,664)	(25,770)	(559)
Net increase (decrease) in cash and cash equivalents	449,772	(596,378)	5,757
Cash and cash equivalents at beginning of year	2,328,920	2,925,298	29,808
Cash and cash equivalents at end of year (Note 3)	¥ 2,778,692	¥ 2,328,920	$ 35,565

See accompanying notes to consolidated financial statements.

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.

"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) 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 International Financial Reporting Standards (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 has made necessary modification to the consolidated financial statements according to the PITF.

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 IFRSs.

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 2010 financial statements to conform to the classifications used in 2011.

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 ¥78.13 to $1, the approximate rate of exchange at November 30, 2011. 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 at November 30, 2011 include the accounts of the Company and its 10 significant (8 in 2010) 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 2010) affiliates are accounted for by the equity method. Investment in the remaining 2 (2 in 2010) 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.

The unallocated portion of the difference, which is recognized as goodwill is amortized over 5 years, or if the amount is immaterial, it is charged to income in the year of investments.

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 sale of 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 held for sale in the ordinary course of business of the Company and consolidated subsidiaries, except for Chinese and Indonesian consolidated subsidiaries, were stated at the lower of cost determined by the specific identification method, or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. Inventories of Chinese and Indonesian consolidated subsidiaries were 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.

g. ***Intangible Assets —*** Intangible assets are carried at cost less accumulated amortization. Land use right 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* —**At the meeting of Board of Directors held on November 12, 2010, abolishment of retirement benefit system for directors and corporate auditors of the Company was resolved. The amount of ¥134,098 thousand was reversed as income in the accompanying consolidated statement of operations for the year ended November 30, 2010.

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 and revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the exchange rate at 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" in accumulated other comprehensive loss and "Minority interests".

l. ***Derivatives and Hedging Activities* —** The Group uses derivative financial instruments to manage their exposures to fluctuations in foreign currency exchange rates 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 fluctuation 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 derivatives are recognized in the consolidated 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 forward contracts are utilized to hedge foreign currency exposures. Monetary receivables and trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

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* — A**ll finance lease transactions are capitalized. Leased assets related to finance lease transactions without title transfer are depreciated by the straight-line method, with the lease periods as their useful lives and no residual value. Finance leases transactions without title transfer which commenced prior to April 1, 2008 continue to be accounted for as operating leases with disclosure of certain "as if capitalized" information.

***n. Asset Retirement Obligations* —** From the year ended November 30, 2011, the Company applied the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, March 31, 2008). The Standard and the Guidance require that a company should recognize an asset retirement obligation which is a statutory or similar obligation with regard to the removal of assets as a liability. An asset retirement obligation is recognized as a liability at the time that the asset is incurred by its acquisition, construction, development or ordinary use. When an asset retirement obligation is recognized as a liability, the asset retirement cost corresponding to it is included in the cost of the relevant asset by the same amount.

As a result of this change, operating profit decreased by ¥7,098 thousand ($91 thousand) and income before income taxes and minority interests decreased by ¥25,498 thousand ($326 thousand).

***o. Presentation of Comprehensive Income* —** From the year ended November 30, 2011, the Company applied the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No.25, June 30, 2010) and the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, Revised on June 30, 2010). Comprehensive income is the change in net assets that is recognized in an entity's financial statements for a period, other than those changes resulting from direct transactions with equity holders in the entity's net assets. Other comprehensive income is a portion of comprehensive income that is not included in net income for the period or minority interest's share in it.

Comprehensive income is required to be presented in either of, (a) a format composed of the statement of income that presents net income and the statement of comprehensive income that presents calculation of comprehensive income (two-statement format), or (b) a format using one statement (statement of income and comprehensive income) that presents net income and comprehensive income (one-statement format).

The Company presents comprehensive income in two-statement format.

***p. Income before minority interests* —** "Income before minority interests" is newly presented in accordance with the Cabinet Office Ordinance on the Partial Amendments to the Regulation for Terminology, Forms and Presentation of Financial Statements (Cabinet Office ordinance No.5, March 24, 2009), which is based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, December 26, 2008).

***q. Reclassifications* —** Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the presentation used for the year ended November 30, 2011.

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, 2011 and 2010 is follows:

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2011
Cash and deposits	¥ 2,778,692	¥ 2,328,920	$ 35,565
Cash and cash equivalents	¥ 2,778,692	¥ 2,328,920	$ 35,565

4. INVESTMENT SECURITIES

Acquisition cost, balance sheet amount, and unrealized gain (loss) of available-for sale securities with fair value at November 30, 2011 and 2010 are summarized as follows:

	Thousands of yen			
	Acquisition cost	Unrealized gain	Unrealized loss	Balance sheet amount
November 30, 2011				
Equity securities	¥ 195,666	¥ 10,208	¥ (31,269)	¥ 174,605
November 30, 2010				
Equity securities	¥ 206,835	¥ 11,221	¥ (23,773)	¥ 194,283

	Thousands of U.S. dollars			
	Acquisition cost	Unrealized Gain	Unrealized loss	Balance sheet amount
November 30, 2011				
Equity securities	$ 2,505	$ 130	$ (400)	$ 2,235

Unlisted equity securities of ¥500 thousand ($6 thousand) both at November 30, 2011 and 2010 are not included in the above table, because the fair value are extremely difficult to measure since no market price is available.

For the year ended November 30, 2011, proceeds from sales of available-for-sale securities are ¥11,968 thousand ($153 thousand), gross realized gains on these sales are nil and gross realized losses on these sales are ¥5,897 thousand ($75 thousand).
No available-for-sale securities were sold for the year ended November 30, 2010.

5. INVESTMENTS IN AFFILIATES

The aggregate carrying amounts of investments in affiliates at November 30, 2011 and 2010 are ¥1,043,899 thousand ($13,361 thousand) and ¥1,207,239 thousand, respectively.

6. LONG-TERM DEPOSITS

The long-term deposit of ¥200,000 thousand ($2,560 thousand) both at November 30, 2011 and 2010 is included in other assets in the accompanying consolidated balance sheets whose maturity date is March 31, 2019. Regarding the deposit, 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

(1) Short-term borrowings

Short-term borrowings at November 30, 2011 and 2010, consisted of notes to banks, loan on deed and bank overdrafts. The average interest rates applicable to the short-term borrowings are 5.5% and 2.8% at November 30, 2011 and 2010, respectively.

(2) Bond

Bond at November 30, 2011 consisted of the followings:

	Thousands of yen	Thousands of U.S. dollars
Bond, due serially to 2016 with interest rate of 0.77%	¥ 90,000	$ 1,152
Less current portion	20,000	256
Total	¥ 70,000	$ 896

The aggregate annual maturities of the bond after November 30, 2012 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2013	¥ 20,000	$ 256
2014	20,000	256
2015	20,000	256
2016	10,000	128

(3) Long-term borrowings

Long-term borrowings at November 30, 2011 and 2010, consisted of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2011
Loans from banks and other financial institutions, due serially to 2016 with average interest rates of 3.4%	¥ 2,214,386	¥ –	$ 28,342
Loans from banks and other financial institutions, due serially to 2014 with average interest rates of 4.1%	–	2,148,442	–
	2,214,386	2,148,442	28,342
Less current portion	749,608	735,542	9,594
Total	¥ 1,464,778	¥ 1,412,900	$ 18,748

The aggregate annual maturities of long-term borrowings after November 30, 2012 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2013	¥ 692,937	$ 8,869
2014	476,985	6,105
2015	206,702	2,646
2016	88,154	1,128

(4) Lease liabilities

Lease liabilities at November 30, 2011 and 2010 consisted of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2011
Lease liabilities, with average interest rates of 3.7%	¥ 105,012	¥ –	$ 1,344
Lease liabilities, with average interest rates of 3.6%	–	173,210	–
Less current portion	76,136	91,267	974
Total	¥ 28,876	¥ 81,943	$ 370

The aggregate annual maturities of lease liabilities after November 30, 2012 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2013	¥ 12,583	$ 161
2014	9,712	124
2015	4,812	62
2016	1,769	23

(5) Commitments

At November 30, 2011, 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 commitments	¥ 2,100,000	$ 26,878
Borrowings	1,100,000	14,079
Unused commitments	¥ 1,000,000	$ 12,799

8. ASSETS PLEDGED

The carrying amounts of assets pledged as collateral and collateralized debt at November 30, 2011 and 2010, were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2011
Assets pledged as collateral:			
Buildings and structures	¥ 996,912	¥ 147,844	$ 12,760
Investment securities	4,920	5,940	63
Land use rights	89,253	96,880	1,142
Total	¥ 1,091,085	¥ 250,664	$ 13,965
Collateralized debt:			
Short-term borrowings	¥ 1,208,416	¥ 535,591	$ 15,467
Long-term borrowings	265,000	465,000	3,392
Total	¥ 1,473,416	¥ 1,000,591	$ 18,859

9. RESTRICTIVE FINANCIAL COVENANTS

Followings are information about syndicated loans at November 30, 2011.

(1) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 26, 2008, balance at November 30, 2011: ¥300,000 thousand ($3,840 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 at the balance sheet date of each fiscal year must be greater than or equal to 75% of the net assets in the immediately preceding fiscal year, or the net assets at 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 ($12,799 thousand), balance at November 30, 2011: 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 at the balance sheet date of each fiscal year must be greater than or equal to 75% of the net assets in the immediately preceding fiscal year, or the net assets at 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 ($14,079 thousand), balance at November 30, 2011: ¥660,000 thousand ($8,447 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 at the balance sheet date of each fiscal year must be greater than or equal to 75% of the net assets in the immediately preceding fiscal year, or the net assets at 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 at November 30, 2011: $829 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 at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at 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 at November 30, 2011: $829 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 at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at 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.

(6) 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: February 18, 2011,

balance at November 30, 2011: $1,889 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 at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at November 30, 2010.

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.

(7) 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: April 28, 2011, balance at November 30, 2011: $1,957 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 at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at November 30, 2010.

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.

Followings are information about syndicated loans at November 30, 2010.

(1) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 26, 2008, balance at November 30, 2010: ¥500,000 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 at 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 at 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.

(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, balance at November 30, 2010: 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 at the balance sheet date of each fiscal year must be greater than or equal to 75% of the net assets in the immediately preceding fiscal year, or the net assets at 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, balance at November 30, 2010: ¥880,000 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 at the balance sheet date of each fiscal year must be greater than or equal to 75% of the net assets in the immediately preceding fiscal year, or the net assets at 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 at November 30, 2010: $1,131 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 at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at 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 at November 30, 2010: $1,131 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 at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at 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.

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in statutory tax rates of approximately 40.7% for the years ended November 30, 2011 and 2010.

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, 2011 and 2010 is follows:

	2011	2010
Statutory tax rate	40.7%	40.7%
Expenses not deductible for tax purposes	4.0	26.7
Income not credited for tax purposes	(0.3)	(0.7)
Per capita tax	2.5	6.8
Lower income tax rates applicable to income in certain foreign countries	(32.9)	(168.8)
Valuation allowance	68.9	243.9
Not recognized deferred taxes on unrealized gains	(9.0)	(34.2)
Equity in earnings, etc.	(27.6)	(84.7)
Undistributed earnings of foreign affiliates accounted for by equity method	26.1	–
Amortization of goodwill and negative goodwill	(4.0)	–
Foreign tax	–	6.8
Other	1.0	0.2
Effective tax rate	69.4%	36.7%

Significant components of deferred tax assets and liabilities at November 30, 2011 and 2010 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2011
Deferred tax assets (current):			
Accrued expenses	¥ 54,820	¥ 74,219	$ 702
Other payables	25,829	38,332	331
Allowance for doubtful receivables	7,932	8,661	102
Products	92,688	95,583	1,186
Tax loss carryforwards	20,966	27,733	268
Other	36,816	19,229	471
	239,051	263,757	3,060
Valuation allowance	(213,023)	(232,299)	(2,727)
Offset with deferred tax liabilities	(3)	–	(0)
	26,025	31,458	333
Deferred tax liabilities (current):			
Dividends receivable	584	582	7
Business tax receivable	–	502	–
Other	1,014	1,482	13
	1,598	2,566	20
Offset with deferred tax assets	(3)	–	(0)
	1,595	2,566	20
Net deferred tax assets	¥ 24,430	¥ 28,892	$ 313

		Thousands of yen			Thousands of U.S. dollars
		2011		2010	2011
Deferred tax assets (non-current):					
Furniture and fixtures	¥	33,989	¥	3,719	$ 435
Land		869		869	11
Revaluation loss on investment securities		99,818		112,322	1,278
Unrealized intercompany profits		8,534		132,267	109
Revaluation loss on investments		18,658		–	239
Allowance for doubtful receivables		106,619		107,881	1,365
Tax loss carryforwards		863,405		762,093	11,051
Lease deposit (Asset retirement obligations)		3,499		–	45
Stock Acquisition Rights		8,088		–	103
Machinery and equipments, and vehicles		–		17,586	–
Other		1,478		29,043	18
		1,144,957		1,165,780	14,654
Offset with deferred tax liabilities		(2,130)		–	(27)
Valuation allowance		(1,117,371)		(1,144,913)	(14,301)
		25,456		20,867	326
Deferred tax liabilities (non-current):					
Loss on revaluation of assets under consolidated tax return system		32,944		–	421
Undistributed earnings of foreign affiliates accounted for by equity method		49,614		–	635
		82,558		–	1,056
Offset with deferred tax assets		(2,130)		–	(27)
		80,428		–	1,029
Net deferred tax assets (liabilities)	¥	(54,972)	¥	20,867	$ (703)

The ”Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (Act No.114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake” (Act No.117 of 2011) were issued on December 2, 2011 and the statutory tax rate is to be changed accordingly with effect from fiscal years beginning on April 1, 2012 and onward.

In accordance with the change, the statutory tax rate for the Company to calculate the amounts of deferred tax assets and liabilities have been applied as follows depending on the reversal timing of each temporary item.

	Tax rate
November 30, 2012 and before	40.69%
December 1, 2012 through November 30, 2015	38.01%
December 1, 2015 and onward	35.64%

If the amended tax rate was applied for the consolidated financial statements at and for the year ended November 30, 2011, the net amount of deferred tax liabilities (after offsetting deferred tax assets) would have decreased by ¥4,187 thousand ($54 thousand), while the income taxes-deferred would have decreased by ¥5,148 thousand ($66 thousand).

11. ASSET RETIREMENT OBLIGATIONS

The Group has recognized estimated future restoration obligations related to leasehold contracts of offices as asset retirement obligations, however, the disclosures are omitted because the amount of obligations is immaterial.

The Company estimated non-recoverable amounts of lease deposits under lease contracts as the asset retirement obligations at November 30, 2011and recorded the amount attributable to the current fiscal year as expenses, instead of recognizing a liability for asset retirement obligations.

12. SHAREHOLDERS' EQUITY

(1) Common Stock

Under the Companies Act 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, 2011 and 2010. Changes in the number of shares of common stock issued for the two years ended November 30, 2011 are as follows:

	Issued shares
Balance at November 30, 2009	19,354,596
Balance at November 30, 2010	19,354,596
Balance at November 30, 2011	19,354,596

(2) Retained Earnings and Dividends

The Companies Act 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 Companies Act 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 Companies Act.

Dividends paid during the year ended November 30, 2010 which was approved by the general meeting of shareholders held on February 24, 2010 were as follows:

(a) Total dividends	¥114,554 thousand
(b) Cash dividends per common share	¥6
(c) Record date	November 30, 2009
(d) Effective date	February 25, 2010

Dividends paid during the year ended November 30, 2011 which was approved by the general meeting of shareholders held on February 25, 2011 were as follows:

(a)	Total dividends	¥57,276 thousand ($733 thousand)
(b)	Cash dividends per common share	¥3 ($0.04)
(c)	Record date	November 30, 2010
(d)	Effective date	February 28, 2011

Dividends to be paid after the balance sheet date but the record date for the payment belongs to the year ended November 30, 2011 which was approved by the general meeting of shareholders held on February 28, 2012 are as follows:

(a)	Total dividends	¥57,275 thousand ($733 thousand)
(b)	Dividends source	Additional paid-in capital
(b)	Cash dividends per common share	¥3 ($0.04)
(c)	Record date	November 30, 2011
(d)	Effective date	February 29, 2012

(3) Treasury stock

The Companies Act 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, 2011 are as follows:

	Shares
Balance at November 30, 2009	262,188
Acquisition for treasury	311
Balance at November 30, 2010	262,499
Acquisition for treasury	320
Balance at November 30, 2011	262,819

13. STOCK OPTIONS

The cost recognized for the stock options for the year ended November 30, 2011 was ¥19,876 thousand ($254 thousand), which is included in selling, general and administrative expenses.

2011 Stock Option Plan

	2011 stock option plan
Title and number of grantees	The Company's directors (other than outside directors): 3 The Company's executive officers: 3 The Company's employees: 6 The Company's subsidiaries' directors: 2
Class and number of shares to be issued upon exercise of stock options	Common stock 200,000 shares
Grant date	March 11, 2011
Vesting conditions	Those who hold share subscription rights must remain directors, corporate auditors, executive officers or employees of the Company, its subsidiaries or its affiliates when the share subscription rights are exercised. However, this shall not apply to retirement from office due to expiration of his/her term of office, mandatory retirement, involuntary retirement or when Board of Directors finds there are justifiable grounds.
Requisite service period	There is no requisite service period.
Period during which stock options may be exercised	From March 12, 2011 to March 11, 2014

The scale and movement of the stock option plan for the year ended November 30, 2011 is as follows:

	2011 stock option plan
Non-vested:	
Outstanding at November 30, 2010	—
Granted	200,000
Forfeited	—
Vested	—
Outstanding at November 30, 2011	200,000
Vested:	
Outstanding at November 30, 2010	—
Vested	—
Exercised	—
Forfeited	—
Outstanding at November 30, 2011	—

The per share information of the stock option plan is as follows:

	2011 stock option plan
Exercise price	¥350 ($4.48)
Average stock price	—
Fair value at the grant date	¥99.38 ($1.27)

The fair value of the 2011 stock options was estimated using the Black-Scholes option-valuation model with the following assumptions:

	2011 stock option plan
Expected volatility *1	64.49%
Expected lives *2	1.5 years
Expected dividend *3	¥3 per share
Risk-free interest rate *4	0.185%

*1 Expected volatility is estimated based upon the historical volatility of the Company's stock over 1.5 years from September 2009 to March 2011.
*2 Expected lives are estimated under assumption that the stock option will be exercised at the middle of exercise period as it is difficult to estimate reasonably due to insufficient historical data.
*3 Expected dividend are estimated based on the actual dividend for the year ended November 30, 2010.
*4 Risk-free interest rate is Japanese government bond yield with a maturity consistent with expected lives of options.

Basically, the number of vested stock option in the future periods is determined based on the actual forfeited number of the stock option because it is difficult to estimate forfeiture in the future.

14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Significant components of selling, general and administrative expenses for the years ended November 30, 2011 and 2010 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2011
Salaries	¥ 840,347	¥ 984,546	$ 10,756
Welfare expenses	189,057	209,887	2,420
Travelling expenses	193,369	248,060	2,475
Rent	238,304	303,272	3,050

15. RESERCH AND DEVELOPMENT COSTS

Research and development costs charged to income for the years ended November 30, 2011 and 2010 are ¥66,107 thousand ($846 thousand) and ¥72,000 thousand, respectively.

16. IMPAIRMENT LOSS

The Company recognized an impairment loss for the year ended November 30, 2011as follows:

Location	Usage	Classification	Thousands of yen	Thousands of U.S. dollars
Shinjuku City	Head office	Buildings	¥ 58,437	$ 748
Shinjuku City	Head office	Furniture and equipments	81	1
		Total	¥ 58,519	$ 749

The long-lived assets that are used for business are grouped according to the classification for management reporting, and the assets for trading company business are grouped by business center, the assets for preform business are grouped by factory and the assets for other business are grouped by business center or factory.
Total book value of buildings and tools, furniture and equipments at head office are written off because the Company estimated the recoverable amount of the assets are zero due to head office relocation.

17. DISASTER LOSS

Disaster loss for the year ended November 30, 2011 arose from the Great East Japan Earthquake and floods in Thailand. The components are as following:

	Thousands of yen	Thousands of U.S. dollars
Expenses for restoration of damaged assets	¥ 97,529	$ 1,248
Loss on destruction of inventories	17,969	230
Total	¥ 115,498	$ 1,478

18. COMPREHENSIVE INCOME (LOSS)

(1) Comprehensive loss for the year ended November 30, 2010 was as follows:

	Thousands of yen
Comprehensive income (loss) attributable to:	
Owners of parent	¥ (231,719)
Minority interests	56,346
Total comprehensive loss	¥ (175,373)

(2) Other comprehensive income (loss) for the year ended November 30, 2010 was consisted as follows:

	Thousands of yen
Net unrealized gain on other securities	¥ 60,386
Deferred hedge loss	(12,431)
Foreign currency translation adjustments	(287,271)
Total other comprehensive loss	¥ (239,316)

19. LEASES

A summary of assumed amounts of acquisition cost which includes interest portion, accumulated depreciation and net book value at November 30, 2011 and 2010 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)	Total
November 30, 2011			
Acquisition cost	¥ 35,000	¥ 67,683	¥ 102,683
Accumulated depreciation	28,000	55,558	83,558
Net book value	¥ 7,000	¥ 12,125	¥ 19,125
November 30, 2010			
Acquisition cost	¥ 35,000	¥ 93,528	¥ 128,528
Accumulated depreciation	21,000	62,788	83,788
Net book value	¥ 14,000	¥ 30,740	¥ 44,740

	Thousands of U.S. dollars		
	Machinery and equipment	Other property, plant and equipments (Furniture and fixtures)	Total
November 30, 2011			
Acquisition cost	$ 448	$ 865	$ 1,313
Accumulated depreciation	358	711	1,069
Net book value	$ 90	$ 154	$ 244

Future minimum payments which include interest portion required under finance leases at November 30, 2011 and 2010 are follows:

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2010
Within one year	¥ 19,614	¥ 24,249	$ 251
Over one year	1,351	23,667	17
	¥ 20,965	¥ 47,916	$ 268

Lease expense, depreciation expense and interest expense under finance leases for the years ended November 30, 2011 and 2010 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2010
Lease expense	¥ 24,785	¥ 31,589	$ 317
Depreciation expense	22,659	28,946	290
Interest expense	1,480	2,597	19

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.

20. FINANCIAL INSTRUMENTS

(1) Conditions of financial instruments

a. Policy for financial instruments
The group procures necessary funds mainly through loans from banks and leases according to the capital investment plan. Temporary idle funds are invested in a short-term deposit etc., and short-term operating funds are procured by loans from banks. The group uses derivatives to hedge the risks described later and does not enter into derivatives for speculative purposes.

b. Type of financial instruments and risks
Trade notes and accounts receivable are exposed to customer credit risks. Trade notes and accounts receivable denominated in foreign currency are exposed to currency fluctuation risks. Investment securities which mainly held for business relationships are exposed to fluctuations in market prices.
The long-term loans are exposed to credit risk of borrowers.
Maturities of trade notes and accounts payable are mostly within one year. Trade notes and accounts payable denominated in foreign currency are exposed to currency fluctuation risks.
The Company uses short-term debt mainly to finance operating funds and long-term debt and lease obligations to finance investment and operating funds. Some debts are exposed to interest rate risk, and are hedged by using derivatives (interest rate swaps).

c. Risk management
① Credit risk management
The group performs due date and balance controls for each customer in accordance with credit control rules and regularly monitors major customers' credit status to mitigate customers' credit risk of trade receivables and long-term loans receivable.

② Market risk management
The group mainly uses forward exchange contracts to hedge the currency fluctuation risks recognized by currency which associated with operating receivables and payables denominated in foreign currency. To mitigate the interest rate fluctuation risks associated with borrowings, the group uses interest rate swaps.
Derivative transactions are executed and controlled in accordance with internal rules which establish the trading limit and trading authorities. Also, in order to mitigate credit risk, the counterparties to derivative transactions are limited to financial institutions with high credit ratings.
The group regularly monitors a stock price and an issuer's financial condition, and continuously considers whether the investment securities are held.
③ Liquidity risks management
The group prepares and updates a fund management plan and manages liquidity risk by maintaining an appropriate level of liquidity.

d. Supplement to fair values of financial instruments
Fair values of financial instruments are measured based on quoted market prices and reasonably assessed values in case quoted market prices are not available. Because the values are calculated based on certain assumptions, the results of valuation may differ when different assumption is applied.

(2) Fair values of the financial instruments

Carrying amounts in the consolidated balance sheet, fair values and differences at November 30, 2011 and 2010 are as follows:
Financial instruments whose fair value is extremely difficult to measure are not included in the below table.

	Thousands of yen											
	2011						2010					
		Carrying amount		Fair value		Differences		Carrying amount		Fair value		Differences
Cash and deposits	¥	2,778,692	¥	2,778,692	¥	—	¥	2,328,920	¥	2,328,920	¥	—
Trade notes and accounts receivable		3,637,406		3,637,406		—		3,665,062		3,665,062		—
less: Allowance for doubtful receivables *1		(20,288)		(20,288)		—		(18,874)		(18,874)		—
		3,617,118		3,617,118		—		3,646,188		3,646,188	—	—
Investment securities		175,105		175,105		—		194,783		194,783		—
Total assets	¥	6,570,915	¥	6,570,915	¥	—	¥	6,169,891	¥	6,169,891	¥	—
Trade notes and accounts payable	¥	2,281,621	¥	2,281,621	¥	—	¥	2,391,334	¥	2,391,334	¥	—
Short-term borrowings		1,152,696		1,152,696		—		435,591		435,591		—
Bond		90,000		89,735		(265)		—		—		—
Long-term borrowings *2		2,214,386		2,219,739		5,353		2,148,442		2,165,393		16,951
Total liabilities	¥	5,738,703	¥	5,743,791	¥	5,088	¥	4,975,367	¥	4,992,318	¥	16,951
Derivatives *3	¥	(7,059)	¥	(7,059)	¥	—	¥	61,250	¥	61,250	¥	—

	Thousands of U.S. dollars					
	2011					
		Carrying amount		Fair value		Differences
Cash and deposits	$	35,565	$	35,565	$	—
Trade notes and accounts receivable		46,556		46,556		—
less: Allowance for doubtful receivables *1		(260)		(260)		—
		46,296		46,296		—
Investment securities		2,241		2,241		—
Total assets	$	84,102	$	84,102	$	—
Trade notes and accounts payable	$	29,203	$	29,203	$	—
Short-term borrowings		14,754		14,754		—
Bond		1,152		1,149		(3)
Long-term borrowings *2		28,342		28,410		68
Total liabilities	$	73,451	$	73,516	$	65
Derivatives *3	$	(90)	$	(90)	$	—

*1 Allowance for doubtful receivables which are estimated individually are excluded.
*2 Long-term borrowings includes current portion of long-term debt.
*3 Derivative receivables and payables are on net basis.

Notes

1. Fair values of financial instruments

Assets

a. Cash and deposits and trade notes and accounts receivable
   Because the fair values are approximately equal to the carrying amounts as these are collected in short term, such carrying amounts are used.
b. Investment securities
   These fair values are prices of the stock exchanges. Also please see Note 4.

Liabilities

a. Trade notes and accounts payable and short-term borrowings
   Because the fair values are approximately equal to the carrying amounts as these are settled in short term, such carrying amounts are used.
b. Bond
   The fair value of bond with market value are based on market value and the fair value of bond without market value are quoted by the present value of future cash flows of interest and principal payments discounted using the estimated borrowing rate considering the remaining period and the credit risk.
c. Long-term borrowings
   The carrying amount of long-term borrowings with variable interest rate approximates fair value because the fair value is reflected the fluctuation of interest market in a short period and credit status of the Company and subsidiaries do not change so much from when the Company and subsidiaries borrowed. Fair value of certain long-term borrowings with interest rate swaps for which exceptional accounting method applied are based on the present value of future cash flows of interest and principal payments discounted using the reasonably estimated interest rate for similar borrowings. Fair value of long-term borrowings with fixed interest rate is based on the present value of future cash flows of interest and principal payments discounted using the current borrowing rate for similar borrowings of a comparable maturity.
d. Derivatives
   Please see Note 21.

2. Financial instruments whose fair value is extremely difficult to measure at November 30, 2011 and 2010 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2011
Investment securities: Unlisted stock, etc.	¥ 109,310	¥ 114,806	$ 1,399
Investments in capital of affiliates: Unlisted stock, etc.	934,589	1,092,433	11,962
Others: Unlisted stock, etc.	17,789	28,914	228
	¥ 1,061,688	¥ 1,236,153	$ 13,589

The above financial instruments have no market value, and an excessive cost is to be required to estimate the future cash flows. Therefore, it is considered to be extremely difficult to measure the fair value, and thus the above are not included in “Investment securities.”

3. The redemption schedule after the balance sheet date of monetary assets and securities with maturities

	Thousands of yen		
	Within one year	More than one year through five years	More than five years
Cash and deposits	¥ 2,778,692	¥ —	¥ —
Trade notes and accounts receivable	3,637,406	—	—
Total	¥ 6,416,098	¥ —	¥ —

	Thousands of U.S. dollars		
	Within one year	More than one year through five years	More than five years
Cash and deposits	$ 35,565	$ —	$ —
Trade notes and accounts receivable	46,556	—	—
Total	$ 82,121	$ —	$ —

The "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan; ASBJ Statement No.10, March 10, 2008) and "Guidance on Accounting Standard for Financial Instruments (ASBJ Guidance No.19, March 10, 2008) were applied from the year ended November 30, 2010.

21. DERIVATIVES

(1) Derivative transactions for which hedge accounting is not applied

The Company had the following derivatives outstanding at November 30, 2010:

	Thousands of yen		
	Contract or notional amounts	Fair value	Valuation gain (loss)
Forward exchange contracts:			
Selling foreign currency:			
U.S. dollar	¥ 16,547	¥ 17,370	¥ (823)
Euro	158,483	155,494	2,989
Other currencies	2,988	3,002	(14)
Buying foreign currency:			
U.S. dollar	158,819	160,874	2,055
Euro	427,842	407,025	(20,817)
Other currencies	29,635	29,719	84
Currency swaps			
			¥ 61,248

The fair value of forward exchange contracts is computed based on the forward rate. The fair value of currency swaps and interest rate swaps are computed based on quotes from counterparties.
The Company had no derivatives outstanding at November 30, 2011 for which hedge accounting is not applied.

(2) Derivative transactions for which hedge accounting is applied

The Company had the following derivatives outstanding at November 30, 2011 and 2010:

	Hedged items	Thousands of yen			
			Contract or notional amounts		Fair value
November 30, 2011					
Forward exchange contracts:					
Selling foreign currency:	Accounts receivable				
U.S. dollar		¥	4,641	¥	10
Euro			61,248		2,470
Buying foreign currency:	Accounts payable				
U.S. dollar			202,508		1,565
Euro			802,319		(9,755)
Other currencies			37,479		(1,350)
Interest rate swaps — fixed rate payment, floating rate receipt	Long-term borrowings		973,080		*
November 30, 2010					
Forward exchange contracts:					
Selling foreign currency:	Accounts receivable				
U.S. dollar		¥	58,707	¥	3,272
Euro			46,613		(731)
Buying foreign currency:	Accounts payable				
U.S. dollar			176,909		807
Euro			107,226		(1,336)
Other currencies			16,172		(193)
Interest rate swaps — fixed rate payment, floating rate receipt	Long-term borrowings		1,418,760		*

	Hedged items	Thousands of U.S. dollars			
			Contract or notional amounts		Fair value
November 30, 2011					
Forward exchange contracts:					
Selling foreign currency:	Accounts receivable				
U.S. dollar		$	59	$	0
Euro			784		32
Buying foreign currency:	Accounts payable				
U.S. dollar			2,592		20
Euro			10,269		(125)
Other currencies			480		(17)
Interest rate swaps — fixed rate payment, floating rate receipt	Long-term borrowings		12,455		*

* For certain long-term borrowings for which interest rate swaps are used to hedge the interest rate fluctuations, the fair value of the derivative financial instruments is included in the fair value of the long-term borrowings as hedged item.

22. COMMITMENTS AND CONTINGENCIES

At November 30, 2011, the Group was contingently liable for loan guarantees to its affiliate as follows:

	Thousands of yen	Thousands of U.S. dollars
Well Altech Printing (Suzhou) Co., Ltd.	¥ 12,024	$ 154

At November 30, 2011, the Company was contingently liable for investment guarantee of ¥8,960 thousand ($115 thousand) for Altech Asia Pacific Co., Ltd. to SBCS Co., Ltd. and SMBC Co., Ltd, which are subsidiaries of Sumitomo Mitsui Banking Corporation.

23. BALANCES AND TRANSACTIONS WITH RELATED PARTY

(1) Balances and transactions between the Company or its subsidiary and the director

At November 30, 2011, all outstanding shares of N-TECH Co., Ltd. are held by Mr. Masahiko Nishigami who is the Company's subsidiary's managing director.

Balances of the Company with N-TECH Co., Ltd. at November 30, 2011 and related transactions for the year then ended as follows:

	Thousands of yen	Thousands of U.S. dollars
Balances:		
Accrued expenses	¥ 333	$ 4
Transactions:		
Purchases of subsidiary's stocks	105,171	1,346
Cost for temporary engineers	1,249	16

Balances of the Company's subsidiary with N-TECH Co., Ltd. at November 30, 2011 and related transactions for the year then ended as follows:

	Thousands of yen	Thousands of U.S. dollars
Balances:		
Accounts receivable	¥ 238	$ 3
Accounts payable	8,310	106
Transactions:		
Sales of pallet and buffer material, etc.	5,686	73
Purchases of materials and repair of machinery	99,056	1,268

(2) Balances and transactions between the Company's subsidiary and the director

At November 30, 2010, the Company's subsidiary extended ¥32,000 thousand loan to Mr. Yoshinori Umeki, a director and senior corporate officer of the Company. Interest rate of the loan is determined by arms-length, and the subsidiary received the Company's stocks held by Mr. Umeki as a guarantee. Regarding the loan to Mr. Umeki, for the year ended November 30, 2011, the subsidiary collected ¥270 thousand ($3 thousand) and provided an allowance for doubtful receivables of ¥15,170 thousand ($194 thousand). As a result, at November 30, 2011, the outstanding loan balance is ¥16,560 thousand ($212 thousand).

(3) Condensed financial information of the significant affiliate

The condensed financial information of the significant affiliate, Altech New Material (Shenzhen) Co., Ltd. at November 30, 2011 and 2010 is as follows:

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2011
Total current assets	¥ 2,406,337	¥ 2,159,212	$ 30,799
Total non-current assets	592,266	744,121	7,581
Total current liabilities	919,105	356,037	11,764
Total non-current liabilities	—	113,672	—
Total net assets	2,079,498	2,433,624	26,616
Sales	6,017,272	5,553,168	77,016
Income before income taxes	315,848	483,702	4,043
Net income	277,946	430,938	3,557

24. BUSINESS COMBINATIONS

November 30, 2011

(1) Additional shares acquisition of Altech Engineering Co.

1. Overview of the transactions

a. Name and business of the acquired entity
Name: Altech Engineering Co., Ltd.
Business: Installation, adjustment and maintenance service of industrial machinery

b. Date of business combination
December 1, 2010

c. Form of business combination
Shares acquisition

d. The entity name after combination
No change

e. Overview of the business combination
Under the agreement between shareholders, the Company has acquired shares of minority shareholders of Altech Engineering Co., Ltd. to manage the Altech Group effectively and to strengthen the Company's governance.

2. Overview of accounting methods

The combination was implemented as a transaction with minority shareholders under common control, based on "the Accounting Standard for Business Combinations" (ASBJ Statement No.21, December 26, 2010) and "the Guidance on Accounting Standard for Business Combinations and Business Divestures" (ASBJ Guidance No.10, December 26, 2010).

3. Overview of the additional shares acquisition

a. Acquisition cost
¥19,503 thousand ($250 thousand) in cash

b. The goodwill of ¥3,775 thousand ($48 thousand) is the difference between the additional shares acquisition cost and the amount of minority interests, which is fully amortized immediately.

(2) Additional shares acquisition of Alpallet Co.

1. Overview of the transactions

a. Name and business of the acquired entity
Name: Alpallet Co., Ltd.
Business: Manufacture and sales of plastic pallet, recycling services of container and package

b. Date of business combination
December 1, 2010

c. Form of business combination
Shares acquisition

d. The entity name after combination
No change

e. Overview of the business combination
Under the agreement between shareholders, the Company has acquired shares of minority shareholders of Alpallet Co., Ltd. to manage the Altech Group effectively and to strengthen the Company’s governance.

2. Overview of accounting methods

The combination was implemented as a transaction with minority shareholders under common control, based on “the Accounting Standard for Business Combinations” (ASBJ Statement No.21, December 26, 2010) and “the Guidance on Accounting Standard for Business Combinations and Business Divestures” (ASBJ Guidance No.10, December 26, 2010).

3. Overview of the additional shares acquisition

a. Acquisition cost
¥105,170 thousand ($1,346 thousand) in cash

b. The negative goodwill of ¥22,279 thousand ($2858 thousand) is the difference between the additional shares acquisition cost and the amount of minority interests, which is fully amortized immediately.

(3) Merger of Altech Engineering Co., Ltd.

1. Overview of the transactions

a. Name and business of combined entities
Combined company:

Company name:	Altech Engineering Co., Ltd.
Description of business:	Adjustment, installation, and maintenance services of industrial machinery

b. Date of the business combination
June 1, 2011

c. Legal form of the business combination
Merger by absorption of Altech Engineering Co., Ltd by Altech Co., Ltd. as surviving company

d. Name of the company after business combination
Altech Co., Ltd.

e. Outline and purpose of the transaction
Altech Co., Ltd. merged in order to achieve concentration of the Group's management resources, unification of operation for corporate governance and prompt business operation.

2. Overview of accounting methods

The combination was implemented as a transaction under common control, based on “the Accounting Standard for Business Combinations” (ASBJ Statement No.21, December 26, 2010) and “the Guidance on Accounting Standard for Business Combinations and Business Divestures” (ASBJ Guidance No.10, December 26, 2010).

November 30, 2010

Business separation of insurance agency business

1. Overview of the business separation

a. Name of the transferee of the separated business
MST Insurance Service Co., Ltd.

b. Description of the separated business
Insurance agency business

c. Major reason for business separation
To improve operational efficiency, the Company determined that it is appropriate to transfer the business to MST Insurance Service Co., Ltd.

d. Date of the business separation
November 30, 2010

e. Overview of the business separation
Business transfer in exchange only for cash and property

2. Overview of accounting methods

a. Amount of gain on business separation
¥ 19,000 thousand

b. Assets and liabilities of the separated business

	Thousands of yen	
Total assets	¥	ー
Total liabilities	¥	ー

3. Business segment in which the separated business included

Wholesale Business

4. Summary of the operating results from the separated business in the accompanying consolidated statement of operations

	Thousands of yen	
Net sales	¥	9,891
Operating loss	¥	1,015

25. FAIR VALUE OF INVESTMENT AND RENTAL PROPERTY

(1) Overview of Real Estate and Rental

Altech New Materials (Suzhou) Co., Ltd., the consolidated subsidiary of the Company rents land and a part of the building in Suzhou factory, China.

Net income from the rental property for the years ended November 30, 2011 and 2010 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2010
Net income from the rental property	¥ 113,476	¥ 114,303	$ 1,452

(2) The carrying amounts and fair values related to the rental property at November 30, 2011 and 2010, and movement of the carrying amount for the years then ended are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2011
At beginning of the year	¥ 689,535	¥ 714,427	$ 8,826
Movement	(59,989)	(24,892)	(768)
At end of the year	¥ 629,546	¥ 689,535	$ 8,058
Fair value at end of the year	¥ 736,731	¥ 799,882	$ 9,430

Notes

1. Carrying amount is the amount after deducting accumulated impairment losses and accumulated depreciation from the acquisition cost.
2. The fair value is primarily calculated based on "real estate appraisal standards."

The “Accounting Standard for Disclosures about Fair Value of Investment and Rental Property” (Accounting Standards Board of Japan; ASBJ Statement No.20, November 28, 2008) and “Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property“ (ASBJ Guidance No.23, November 28, 2008) are applied from the year ended November 30, 2010.

26. SEGMENT INFORMATION

November 30, 2011

From the year ended November 30, 2011, the Company applied “the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No.17, March 27, 2009) and “the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No.20, March 21, 2008).
The Standard and the Guidance adopt the management approach. Disclosures about segments of an enterprise and related information should provide proper information on the nature of various business activities in which it engages and the economic environments in which it operates.

The reported segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business results.

The Group primarily operates purchase and sale of industrial machinery and equipments and related services, manufacture and sale of plastic molded products derived therefrom. "Wholesale business", "Preform business" and "Other business" are the Company's reported segments.
"Wholesale business" mainly purchases and sells industrial machinery and equipments and provides related services. "Preform business" mainly manufactures and sells performs for beverages plastic caps and provides related services. "Other business" manufactures and sells recycled plastic pallets, and sells communication devices and provides related services.

Segment income is calculated based on operating profit in the consolidated statements of operations. Intersegment revenues and transfer are based on arms-length transactions.

Operating revenues, income, assets, liabilities and others by reported segments
The reported segment information of the Company and its consolidated subsidiaries for the year ended November 30, 2011 are summarized as follows:

	Thousands of yen					
	Reported segments					
	Wholesale	Preform	Other	Total	Adjustments	Consolidated
Operating revenues:						
Revenues from third parties	¥ 10,573,283	¥ 4,557,617	¥ 1,723,977	¥ 16,854,877	¥ –	¥ 16,854,877
Intersegment revenues	75,810	3,426	236,249	315,485	(315,485)	–
Total	10,649,093	4,561,043	1,960,226	17,170,362	(315,485)	16,854,877
Segment income	¥ 33,490	¥ 278,131	¥ 132,396	¥ 444,017	¥ (184,542)	¥ 259,475
Segment assets	¥ 4,271,964	¥ 8,868,160	¥ 1,332,720	¥ 14,472,844	¥ 2,123,078	¥ 16,595,922
Others:						
Depreciation and amortization	¥ 47,948	¥ 684,882	¥ 130,298	¥ 863,128	¥ 5,497	¥ 868,625
Increase in property and equipment and intangible assets	¥ 9,575	¥ 902,316	¥ 31,698	¥ 943,589	¥ 32,116	¥ 975,705

	Thousands of U.S. dollars					
	Reported segments					
	Wholesale	Preform	Other	Total	Adjustments	Consolidated
Operating revenues:						
Revenues from third parties	$ 135,330	$ 58,334	$ 22,065	$ 215,729	$ –	$ 215,729
Intersegment revenues	970	44	3,024	4,038	(4,038)	–
Total	136,300	58,378	25,089	219,767	(4,038)	215,729
Segment income	$ 429	$ 3,560	$ 1,694	$ 5,683	$ (2,362)	$ 3,321
Segment assets	$ 54,677	$ 113,505	$ 17,058	$ 185,240	$ 27,174	$ 212,414
Others:						
Depreciation and amortization	$ 614	$ 8,766	$ 1,668	$ 11,048	$ 70	$ 11,118
Increase in property and equipment and intangible assets	$ 122	$ 11,549	$ 406	$ 12,077	$ 411	$ 12,488

The reported segment information for the year ended November 30, 2010 which are restated to conform to the segmentation for the year ended November 30, 2011 are as follows:

	Thousands of yen					
	Reported segments					
	Wholesale	Preform	Other	Total	Adjustments	Consolidated
Operating revenues:						
Revenues from third parties	¥ 12,025,496	¥ 4,661,698	¥ 2,585,603	¥ 19,272,797	¥ –	¥ 19,272,797
Intersegment revenues	89,236	–	257,853	347,089	(347,089)	–
Total	12,114,732	4,661,698	2,843,456	19,619,886	(347,089)	19,272,797
Segment income (loss)	¥ (467,447)	¥ 773,247	¥ 178,000	¥ 483,800	¥ (161,551)	¥ 322,249
Segment assets	¥ 4,128,538	¥ 8,122,778	¥ 1,350,464	¥ 13,601,780	¥ 2,255,668	¥ 15,857,448
Others:						
Depreciation and amortization	¥ 47,560	¥ 705,143	¥ 105,281	¥ 857,984	¥ (5,094)	¥ 852,890
Increase in property and equipment and intangible assets	¥ 53,998	¥ 661,461	¥ 146,647	¥ 862,106	¥ 35,022	¥ 897,128

The adjustment in "Segment income (loss)" for the years ended November 30, 2011 and 2010 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2010
Intersegment transactions	¥ (124,248)	¥ (119,810)	$ (1,590)
Amortization of goodwill	(3,776)	–	(48)
Non-categorized expenses	(96,489)	(87,828)	(1,235)
Adjustments of fixed assets	39,971	46,087	511
	¥ (184,542)	¥ (161,551)	$ (2,362)

Non-categorized expenses are unallocated company-wide expenses which are mainly administrative expenses not attributable to the reported segments.

The adjustment in"Segment assets" at November 30, 2011 and 2010 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2010
Intersegment balances	¥ (1,367,710)	¥ (1,669,919)	$ (17,505)
Non-categorized assets	3,490,789	3,925,587	44,679
	¥ 2,123,079	¥ 2,255,668	$ 27,174

Non-categorized assets are unallocated company-wide assets which are cash and deposits, investment securities etc. and assets related to administrative division.

The adjustment in "depreciation and amortization" is depreciation of company-wide assets.
The adjustment in "Increase for property, plant, equipment, and intangible assets" is the increase of company-wide assets.

Related information

1. Information by products and services

Disclosure is omitted because the classification of products and services are same as the classification of the reported segments.

2. Geographical information

(1) Sales

Thousands of yen					
2011					
Japan	Asia	Americas	Europe	Other	Total
¥ 11,299,752	¥ 4,097,989	¥ 41,740	¥ 1,374,236	¥ 41,160	¥ 16,854,877

Thousands of U.S. dollars					
2011					
Japan	Asia	Americas	Europe	Other	Total
$ 144,628	$ 52,451	$ 534	$ 17,589	$ 527	$ 215,729

(2) Property and equipment

Thousands of yen		
2011		
Japan	Asia	Total
¥ 606,264	¥ 4,560,311	¥ 5,166,575

Thousands of U.S. dollars		
2011		
Japan	Asia	Total
$ 7,760	$ 58,368	$ 66,128

3. Information by major customers

Disclosures are omitted because no particular third party whose operating revenues are over 10% of operating revenues in the consolidated statements of operations exists.

Information of impairment loss on fixed assets by reported segments

	Thousands of yen				
	2011				
	Wholesale	Preform	Other	Adjustments	Consolidated
Impairment loss	¥ –	¥ –	¥ –	¥ 58,519	¥ 58,519

	Thousands of U.S. dollars				
	2011				
	Wholesale	Preform	Other	Adjustments	Consolidated
Impairment loss	$ –	$ –	$ –	$ 749	$ 749

Information of amortization and balance of googwill

	Thousands of yen				
	2011				
	Wholesale	Preform	Other	Adjustments	Consolidated
Amortization for the year	¥ –	¥ –	¥ –	¥ 3,776	¥ 3,776
Balance	–	–	–	–	–

	Thousands of U.S. dollars				
	2011				
	Wholesale	Preform	Other	Adjustments	Consolidated
Amortization for the year	$ –	$ –	$ –	$ 48	$ 48
Balance	–	–	–	–	–

Negative goodwill incurred by reported segments

Negative goodwill of ¥22,279 thousand ($285 thousand) is recorded in "Adjustments" for the year ended November 30, 2011. The negative goodwill occurred when the Company acquired additional shares of its subsidiary (Alpallet Co., Ltd.).

<u>November 30, 2010</u>

(1) Industry Segments

The industry segments of the Group for the year ended November 30, 2010 were summarized as follows:

	Thousands of yen				
	Wholesale	Production	Total	Elimination / corporate	Consolidated
Sales to customers	¥ 15,587,482	¥ 3,685,315	¥ 19,272,797	¥ –	¥ 19,272,797
Intersegment	203,692	1,657,029	1,860,721	(1,860,721)	–
	15,791,174	5,342,344	21,133,518	(1,860,721)	19,272,797
Operating expenses	16,305,083	4,434,218	20,739,301	(1,788,753)	18,950,548
Operating profit (loss)	¥ (513,909)	¥ 908,126	¥ 394,217	¥ (71,968)	¥ 322,249
Total assets	¥ 4,878,337	¥ 8,048,711	¥ 12,927,048	¥ 2,930,400	¥ 15,857,448
Depreciation and amortization	77,282	770,907	848,189	4,701	852,890
Capital expenditures	69,380	792,725	862,105	35,022	897,127

The non-categorized operating expenses of ¥25,496 thousand for the year ended November 30, 2010 in the Elimination/ corporate line consist primarily of the expense for group strategic planning and management cost for operating companies.

Corporate assets of ¥2,861,720 thousand at November 30, 2010 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 year ended November 30, 2010 are as follows:

	Thousands of yen				
	Japan	Asia	Total	Elimination / corporate	Consolidated
Sales to customers	¥ 15,379,081	¥ 3,893,716	¥ 19,272,797	¥ –	¥ 19,272,797
Intersegment	161,304	462,210	623,514	(623,514)	–
	15,540,385	4,355,926	19,896,311	(623,514)	19,272,797
Operating expenses	15,942,095	3,556,164	19,498,259	(547,711)	18,950,548
Operating profit (loss)	¥ (401,710)	¥ 799,762	¥ 398,052	¥ (75,803)	¥ 322,249
Total assets	¥ 5,259,162	¥ 7,426,346	¥ 12,685,508	¥ 3,171,940	¥ 15,857,448

The non-categorized operating expenses of ¥25,496 thousand for the year ended November 30, 2010 in the Elimination/ corporate line consist primarily of the expense for group strategic planning and management cost for operating companies.

Corporate assets of ¥2,861,720 thousand at November 30, 2010 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 year ended November 30, 2010 is summarized as follows:

	Thousands of yen	Percentage to consolidated sales
Sales to foreign customers:		
Americas	¥ 43,827	0.2%
Europe	1,316,825	6.8
Asia	4,270,805	22.2
Others	78,538	0.4
Total	¥ 5,709,995	29.6%
Consolidated sales	¥ 19,272,797	

27. PER SHARE INFORMATION

(1) Net Income per Share

Basic net income per share, and reconciliation of the numbers and the amounts used in the basic net income per share computations for the years ended November 30, 2011 and 2010 are as follows:

	Yen		U.S. dollars
	2011	2010	2010
Basic net income per share	¥ 2.54	¥ 0.39	$ 0.03

The diluted net income per share for the year ended November 30, 2011 are not presented as there are dilutive potential shares at the year end but they have no dilutive effect.

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2011
Net income	¥ 48,522	¥ 7,354	$ 621
Net income not applicable to common shareholders	–	–	–
Net income applicable to common shareholders	¥ 48,522	¥ 7,354	$ 621

	Number of shares	
	2011	2010
Weighted average number of shares outstanding on which basic net income per share is calculated	19,091,910	19,092,195

(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, 2011 and 2010 are as follows:

	Yen		U.S. dollars
	2011	2010	2011
Net assets per share	¥ 453.72	¥ 466.90	$ 5.81

	Thousands of yen		Thousands of U.S. dollars
	2011	2010	2011
Total net assets	¥ 8,731,646	¥ 9,102,183	$ 111,758
Amount deducted from total net assets:			
Stock acquisition rights	19,876	–	254
Minority interests	49,375	188,067	632
Net assets applicable to common shareholders	¥ 8,662,395	¥ 8,914,116	$ 110,872

	Number of shares	
	2011	2010
Number of shares outstanding at end of year on which net assets per share is calculated	19,091,777	19,092,097