ALTECH Co., Ltd. and Consolidated Subsidiaries

Audited Consolidated Financial Statements

for the Years Ended November 30, 2012 and 2011

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Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Altech Co., Ltd. and consolidated subsidiaries, which comprise the consolidated balance sheet as of November 30, 2012, and the consolidated statement of income, comprehensive income (loss), changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Altech Co., Ltd. and consolidated subsidiaries as of November 30, 2012, and their consolidated financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation
Our audits also comprehended the translation of Japanese yen amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1 to the consolidated financial statements. Such United States dollar amounts are presented solely for the convenience of readers outside Japan.

BDO Toyo & Co.
Tokyo, Japan
February 27, 2013

BDO Toyo & Co

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheet
November 30, 2012 and 2011

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
ASSETS			
CURRENT ASSETS:			
Cash and deposits (Note 3)	¥ 2,493,586	¥ 2,778,692	$ 30,365
Trade notes and accounts receivable	3,284,702	3,637,406	39,999
Inventories	1,870,152	1,604,406	22,774
Advances paid	354,508	698,668	4,317
Deferred tax assets (Note 10)	2,119	26,025	26
Other current assets	364,953	577,494	4,444
Allowance for doubtful receivables	(34,137)	(20,288)	(416)
Total current assets	8,335,883	9,302,403	101,509
PROPERTY, PLANT AND EQUIPMENT :			
Buildings and structures (Note 8)	2,140,181	2,143,866	26,062
Machinery and equipment, and vehicles	4,482,721	4,773,117	54,587
Land	79,170	80,479	964
Lease assets	276,921	323,530	3,372
Construction in progress	559,883	77,071	6,818
Other	1,731,717	1,795,071	21,088
Total	9,270,593	9,193,134	112,891
Accumulated depreciation	(4,242,241)	(4,026,559)	(51,659)
Net property, plant and equipment	5,028,352	5,166,575	61,232
INTANGIBLE ASSETS, NET (Note 8)	447,603	317,752	5,451
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4, 5 and 8)	329,123	284,414	4,008
Investment in capital of affiliates (Note 5)	1,001,732	934,589	12,198
Long-term loan receivables	31,020	31,670	378
Lease deposits	193,253	200,492	2,353
Long-term deposits (Note 6)	200,000	200,000	2,435
Deferred tax assets (Note 10)	26,479	25,456	322
Other assets	127,693	671,795	1,555
Allowance for doubtful receivables	(14,365)	(539,224)	(175)
Total investments and other assets	1,894,935	1,809,192	23,074
TOTAL	¥ 15,706,773	¥ 16,595,922	$ 191,266

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Trade notes and accounts payable	¥ 1,778,077	¥ 2,281,621	$ 21,652
Short-term borrowings and current portion of long-term borrowings (Notes 7, 8 and 9)	1,537,096	1,902,304	18,718
Current portion of bond (Note 7)	20,000	20,000	244
Accrued expenses	453,785	382,939	5,526
Short-term lease obligations (Note 7)	58,395	76,776	711
Income taxes payable (Note 10)	35,061	48,236	427
Advances received	1,259,524	1,104,929	15,338
Deferred tax liabilities (Note 10)	14,071	1,595	171
Accounts payable-other	305,183	271,440	3,716
Other current liabilities	25,324	113,911	308
Total current liabilities	5,486,516	6,203,751	66,811
LONG-TERM LIABILITIES:			
Bond (Note 7)	50,000	70,000	609
Long-term borrowings (Notes 7, 8 and 9)	1,087,967	1,464,778	13,248
Long-term lease obligations (Note 7)	149,918	30,358	1,826
Deferred tax liabilities (Note 10)	83,328	80,428	1,015
Other long-term liabilities	6,989	14,961	85
Total long-term liabilities	1,378,202	1,660,525	16,783
Total liabilities	6,864,718	7,864,276	83,594
SHAREHOLDERS' EQUITY (Note 12):			
Common stock	5,527,830	5,527,830	67,314
Capital surplus	2,309,495	2,366,770	28,123
Retained earnings	1,736,659	1,710,239	21,148
Treasury stock	(222,797)	(222,787)	(2,713)
Total shareholders' equity	9,351,187	9,382,052	113,872
ACCUMULATED OTHER COMPREHENSIVE LOSS:			
Net unrealized gain (loss) on available-for-sale securities (Note 4)	2,935	(21,061)	36
Deferred gain (loss) on derivatives under hedge accounting (Note 22)	9,024	(8,069)	110
Foreign currency translation adjustments	(599,704)	(690,527)	(7,303)
Total accumulated other comprehensive loss	(587,745)	(719,657)	(7,157)
STOCK ACQUISITION RIGHTS (Note 13)	–	19,876	–
MINORITY INTERESTS	78,613	49,375	957
Total net assets	8,842,055	8,731,646	107,672
COMMITMENTS AND CONTINGENCIES (Note 23)			
TOTAL	¥ 15,706,773	¥ 16,595,922	$ 191,266

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Income
Year Ended November 30, 2012 and 2011

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
NET SALES	¥ 17,233,798	¥ 16,854,877	$ 209,861
COST OF SALES	14,352,265	13,857,985	174,772
Gross profit	2,881,533	2,996,892	35,089
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 14 and 15)	2,677,116	2,737,417	32,600
Operating profit	204,417	259,475	2,489
OTHER INCOME (EXPENSES):			
Interest and dividends income	28,198	21,431	343
Equity in earnings of affiliates	84,431	129,179	1,028
Foreign exchange gain	17,757	83,123	216
Income from rent	22,032	16,296	268
Interest expense	(143,341)	(115,564)	(1,745)
Commission paid	(24,173)	(8,523)	(294)
Loss on derivatives	–	(77,774)	–
Gain on business separation	–	40,850	–
Gain on sale of investment securities	30,000	–	365
Gain on reversal of stock acquisition rights (Note 13)	19,876	–	242
Insurance payments received	57,558	60,757	701
Gain on negative goodwill incurred	–	22,279	–
Provision for doubtful receivables	–	(15,170)	–
Loss on business withdrawal (Note 16)	(80,586)	–	(981)
Cumulative effect on prior years of new accounting standard for asset retirement obligations (Note 11)	–	(18,400)	–
Impairment loss (Note 17)	(87,453)	(58,519)	(1,065)
Disaster loss (Note 18)	–	(115,498)	–
Other—net	15,385	(33,519)	188
Other expenses—net	(60,316)	(69,052)	(734)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	144,101	190,423	1,755
INCOME TAXES (Note 10):			
Current	62,020	55,239	755
Deferred	30,229	76,917	368
Total income taxes	92,249	132,156	1,123
INCOME BEFORE MINORITY INTERESTS	51,852	58,267	632
MINORITY INTERESTS	(25,432)	(9,745)	(310)
NET INCOME	¥ 26,420	¥ 48,522	$ 322

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income (Loss)
Year Ended November 30, 2012 and 2011

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
INCOME BEFORE MINORITY INTERESTS	¥ 51,853	¥ 58,267	$ 632
OTHER COMPREHENSIVE INCOME (LOSS) (Note 19):			
Net unrealized gain (loss) on available-for-sale securities	23,996	(4,748)	292
Deferred gain on derivatives under hedge accounting	17,092	7,246	208
Foreign currency translation adjustments	90,824	(245,367)	1,106
Total other comprehensive loss	131,912	(242,869)	1,606
COMPREHENSIVE INCOME (LOSS)	¥ 183,765	¥ (184,602)	$ 2,238
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Comprehensive income (loss) attributable to owners of parent	157,271	(189,088)	1,915
Comprehensive income attributable to minority interests	26,494	4,486	323

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets
Year ended November 30, 2012 and 2011

Thousands of yen

	Shareholders' equity (Note 12)					Accumulated other comprehensive loss						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge	Foreign currency translation adjustments	Total	Stock acquisition rights	Minority interests	Total net assets
						(Note 4)	(Note 22)			(Note 13)		
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
Changes arising during the year:												
Dividends		(57,275)			(57,275)							(57,275)
Net income			26,420		26,420							26,420
Purchase of treasury stock				(10)	(10)							(10)
Net changes other than shareholders' equity					–	23,996	17,093	90,823	131,912	(19,876)	29,238	141,274
Total changes during the year	–	(57,275)	26,420	(10)	(30,865)	23,996	17,093	90,823	131,912	(19,876)	29,238	110,409
Balance at November 30, 2012	¥ 5,527,830	¥ 2,309,495	¥ 1,736,659	¥ (222,797)	¥ 9,351,187	¥ 2,935	¥ 9,024	¥ (599,704)	¥ (587,745)	¥ –	¥ 78,613	¥ 8,842,055

Thousands of U.S. dollars (Note 1)

	Shareholders' equity (Note 12)					Accumulated other comprehensive loss						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Foreign currency translation adjustments	Total	Stock acquisition rights	Minority interests	Total net assets
						(Note 4)	(Note 22)			(Note 13)		
Balance at November 30, 2011	$ 67,314	$ 28,821	$ 20,826	$ (2,713)	$ 114,248	$ (256)	$ (98)	$ (8,409)	$ (8,763)	$ 242	$ 601	$ 106,328
Changes arising during the year:												
Dividends		(698)			(698)							(698)
Net income			322		322							322
Purchase of treasury stock				(0)	(0)							(0)
Net changes other than shareholders' equity					–	292	208	1,106	1,606	(242)	356	1,720
Total changes during the year	–	(698)	322	(0)	(376)	292	208	1,106	1,606	(242)	356	1,344
Balance at November 30, 2012	$ 67,314	$ 28,123	$ 21,148	$ (2,713)	$ 113,872	$ 36	$ 110	$ (7,303)	$ (7,157)	$ –	$ 957	$ 107,672

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year ended November 30, 2012 and 2011

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 144,101	¥ 190,423	$ 1,755
Depreciation and amortization	887,039	868,625	10,802
Impairment loss	87,453	58,519	1,065
Amortization of goodwill	–	3,776	–
Provision for doubtful receivables	(511,030)	10,381	(6,223)
Interest and dividends income	(28,198)	(21,431)	(343)
Gain insurance money	(57,558)	(60,757)	(701)
Interest expense	143,341	115,564	1,746
Foreign exchange loss	(18,867)	(44,962)	(230)
Equity in earnings of affiliates	(84,431)	(129,179)	(1,028)
Gain (Loss) on sale of investment securities	(30,000)	5,897	(365)
Decrease in claims in bankruptcy and reorganization	523,669	6,203	6,377
Gain on negative goodwill incurred	–	(22,279)	–
Cumulative effect on prior years of new accounting standard for asset retirement obligations	–	18,400	–
Disaster loss	–	115,498	–
Gain on business separation	–	(40,850)	–
Loss on business withdrawal	80,586	–	981
Gain on reversal of stock acquisition rights	(19,876)	–	(242)
Decrease (Increase) in trade receivables	355,248	(35,924)	4,326
Increase in inventories	(275,249)	(510,263)	(3,352)
Decrease (Increase) in advances paid	347,835	(318,998)	4,236
Decrease in trade payables	(503,614)	(84,141)	(6,133)
Increase (Decrease) in accrued expenses	70,049	(47,022)	853
Increase in advances received	153,325	597,616	1,867
Decrease (Increase) in other receivables	1,397	(14,284)	17
Other, net	34,033	303,624	414
Sub total	1,299,253	964,436	15,822
Interest and dividends received	253,926	16,530	3,092
Proceeds from insurance	59,361	60,757	723
Interest paid	(146,170)	(117,476)	(1,780)
Income taxes paid	(89,446)	(68,358)	(1,089)
Income taxes refunded	2,332	15,448	28
Net cash provided by operating activities	1,379,256	871,337	16,796

ALTECH Co., Ltd. and Consolidated Subsidiaries (continued)

Consolidated Statement of Cash Flows
Year ended November 30, 2012 and 2011

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(867,661)	(682,446)	(10,566)
Proceeds from sales of property, plant and equipment	105,683	8,521	1,287
Purchases of investment securities	(3,065)	(2,935)	(37)
Proceeds from sale of investment securities	31,452	11,968	383
Purchases of intangible fixed assets	(160,128)	(187,244)	(1,950)
Payments for acquisition of additional acquisition of shares consolidated subsidiaries	–	(124,674)	–
Proceeds from business separation	–	27,075	–
Increase in long-term loans receivable	(5,549)	(11,558)	(68)
Decrease in long-term loans receivable	3,396	270	41
Other, net	7,973	(44,428)	97
Net cash used in investing activities	(887,899)	(1,005,451)	(10,813)
FINANCING ACTIVITIES:			
Increase (Decrease) in short-term debt	(426,408)	753,891	(5,192)
Proceeds from long-term debt	569,889	872,021	6,940
Repayments on long-term debt	(909,767)	(764,186)	(11,079)
Proceeds from bond issues	–	100,000	–
Repayments on bonds	(20,000)	(10,000)	(244)
Repayments on long-term accounts payable	–	(194,469)	–
Dividends paid to shareholders	(58,884)	(57,178)	(717)
Repayments on lease obligations	(101,736)	(119,600)	(1,239)
Proceeds from sale and leaseback	131,784	–	1,605
Other, net	2,733	47,071	33
Net cash provided by (used in) financing activities	(812,389)	627,550	(9,893)
Effect of exchange rate changes on cash and cash equivalents	35,926	(43,664)	438
Net increase (decrease) in cash and cash equivalents	(285,106)	449,772	(3,472)
Cash and cash equivalents at beginning of year	2,778,692	2,328,920	33,837
Cash and cash equivalents at end of year (Note 3)	¥ 2,493,586	¥ 2,778,692	$ 30,365

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year Ended November 30, 2012 and 2011

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 2011 financial statements to conform to the classifications used in 2012.

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 are included solely for the convenience of readers outside Japan and have been made at the rate of ¥82.12 to $1, the approximate rate of exchange at November 30, 2012. 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, 2012 include the accounts of the Company and its 11 significant (10 in 2011) 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 2 (3 in 2011) affiliates are accounted for by the equity method. Investment in the remaining 3 (2 in 2011) 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 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 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 certain 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. Patent are amortized by the straight-line method over the estimated useful lives (4 years). 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 statement 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.

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 statement 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 statement 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* —** The Company recognizes 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.

o. ***Accounting standard for accounting changes in accounting principles and error corrections* —** From the fiscal year 2012, the "Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No.24 December 4, 2009)" and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No.24 December 4, 2009)" were adopted to make changes in accounting principles and corrections of prior period errors.

p. ***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, 2012.

3. CASH AND CASH EQUIVALENTS

Reconciliations between "Cash and deposits" in the accompanying consolidated balance sheet and "Cash and cash equivalents" in the accompanying consolidated statement of cash flows at November 30, 2012 and 2011 are follows:

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Cash and deposits	¥ 2,493,586	¥ 2,778,692	$ 30,365
Cash and cash equivalents	¥ 2,493,586	¥ 2,778,692	$ 30,365

4. INVESTMENT SECURITIES

Acquisition cost, balance sheet amount, and unrealized gain (loss) of available-for sale securities with fair value at November 30, 2012 and 2011 are summarized as follows:

	Thousands of yen			
	Acquisition cost	Unrealized gain	Unrealized loss	Balance sheet amount
November 30, 2012				
Equity securities	¥ 196,775	¥ 29,988	¥ (25,255)	¥ 201,508
November 30, 2011				
Equity securities	¥ 195,666	¥ 10,208	¥ (31,269)	¥ 174,605

	Thousands of U.S. dollars			
	Acquisition cost	Unrealized Gain	Unrealized loss	Balance sheet amount
November 30, 2012				
Equity securities	$ 2,396	$ 365	$ (307)	$ 2,454

For the years ended November 30, 2012 and 2011, proceeds from sales of available-for-sale securities are ¥31,452 thousand ($383 thousand) and ¥11,968 thousand, gross realized gains on these sales are ¥30,000 thousand ($365 thousand) and nil, gross realized losses on these sales are ¥504 thousand ($6 thousand) and ¥5,897 thousand, respectively.

5. INVESTMENTS IN AFFILIATES

The aggregate carrying amounts of investments in affiliates at November 30, 2012 and 2011 are ¥1,128,847 thousand ($13,746 thousand) and ¥1,043,899 thousand, respectively.

6. LONG-TERM DEPOSITS

The long-term deposit of ¥200,000 thousand ($2,435 thousand) both at November 30, 2012 and 2011 is included in other assets in the accompanying consolidated balance sheet whose maturity date is March 25, 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, 2012 and 2011, consisted of notes to banks, loan on deed and bank overdrafts. The average interest rates applicable to the short-term borrowings are 5.0% and 5.5% at November 30, 2012 and 2011, respectively.

(2) Bond

Bond at November 30, 2012 and 2011, consisted of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Bond, due serially to 2016 with interest rate of 0.77%	¥ 70,000	¥ 90,000	$ 853
Less current portion	20,000	20,000	244
Total	¥ 50,000	¥ 70,000	$ 609

The aggregate annual maturities of the bond after November 30, 2013 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2014	20,000	244
2015	20,000	244
2016	10,000	121

(3) Long-term borrowings

Long-term borrowings at November 30, 2012 and 2011, consisted of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Loans from banks and other financial institutions, due serially to 2017 with average interest rates of 3.2%	¥ 1,843,223	¥ –	$ 22,445
Loans from banks and other financial institutions, due serially to 2016 with average interest rates of 3.4%	–	2,214,386	–
	1,843,223	2,214,386	22,445
Less current portion	755,256	749,608	9,197
Total	¥ 1,087,967	¥ 1,464,778	$ 13,248

The aggregate annual maturities of long-term borrowings after November 30, 2013 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2014	¥ 556,636	$ 6,778
2015	294,700	3,589
2016	192,439	2,343
2017	44,192	538

(4) Lease liabilities

Lease liabilities at November 30, 2012 and 2011 consisted of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Lease liabilities, with average interest rates of 5.9%	¥ 208,313	¥ –	$ 2,537
Lease liabilities, with average interest rates of 3.7%	–	105,012	–
Less current portion	58,395	76,136	711
Total	¥ 149,918	¥ 28,876	$ 1,826

The aggregate annual maturities of lease liabilities after November 30, 2013 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2014	¥ 43,415	$ 529
2015	33,103	403
2016	33,778	411
2017	39,622	483

(5) Commitments

At November 30, 2012, 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	¥ 2,250,000	$ 27,399
Borrowings	1,100,000	13,395
Unused commitments	¥ 1,150,000	$ 14,004

8. ASSETS PLEDGED

The carrying amounts of assets pledged as collateral and collateralized debt at November 30, 2012 and 2011, were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Assets pledged as collateral:			
Buildings and structures	¥ 957,906	¥ 996,912	$ 11,665
Investment securities	5,655	4,920	69
Land use rights	87,396	89,253	1,064
Total	¥ 1,050,957	¥ 1,091,085	$ 12,798
Collateralized debt:			
Short-term borrowings	¥ 746,840	¥ 1,208,416	$ 9,094
Long-term borrowings	110,000	265,000	1,340
Total	¥ 856,840	¥ 1,473,416	$ 10,434

9. RESTRICTIVE FINANCIAL COVENANTS

Followings are information about syndicated loans at November 30, 2012.

(1) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 26, 2008, balance at November 30, 2012: ¥100,000 thousand ($1,218 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 sheet 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: ¥1,100,000 thousand ($13,395 thousand), balance at November 30, 2012: ¥440,000 thousand ($5,358 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 sheet 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) 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, 2012: $510 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 sheet 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.

(4) 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, 2012: $510 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 sheet 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.

(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: February 18, 2011, balance at November 30, 2012: $1,421 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 sheet 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.

(6) 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, 2012: $1,563 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 sheet 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.

(7) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 19, 2012, maximum borrowing amount: ¥1,150,000 thousand ($14,004 thousand), balance at November 30, 2012: 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 sheet 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, 2011.

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.

(8) 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 3, 2012, balance at November 30, 2012: $1,008 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 sheet at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at November 30, 2011.

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, 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) 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 sheet 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.

(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, 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 sheet 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, 2011: ¥660,000 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 sheet 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 sheet 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 sheet 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 sheet 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 sheet 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.

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, 2012 and 2011.

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, 2012 and 2011 is follows:

	2012	2011
Statutory tax rate	40.7%	40.7%
Expenses not deductible for tax purposes	9.9	4.0
Income not credited for tax purposes	(1.1)	(0.3)
Per capita tax	4.9	2.5
Lower income tax rates applicable to income in certain foreign countries	30.2	(32.9)
Valuation allowance	10.9	68.9
Not recognized deferred taxes on unrealized gains	(10.6)	(9.0)
Equity in earnings, etc.	(23.8)	(27.6)
Undistributed earnings of foreign affiliates accounted for by equity method	2.7	26.1
Amortization of goodwill and negative goodwill	–	(4.0)
Other	0.2	1.0
Effective tax rate	64.0%	69.4%

Significant components of deferred tax assets and liabilities at November 30, 2012 and 2011 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred tax assets (current):			
Accrued expenses	¥ 46,033	¥ 54,820	$ 561
Other payables	7,179	25,829	87
Allowance for doubtful receivables	19,601	7,932	239
Products	140,802	92,688	1,715
Tax loss carryforwards	–	20,966	–
Other	39,710	36,816	483
	253,325	239,051	3,085
Valuation allowance	(251,206)	(213,023)	(3,059)
Offset with deferred tax liabilities	–	(3)	–
	2,119	26,025	26
Deferred tax liabilities (current):			
Dividends receivable	577	584	7
Business tax receivable	734	–	9
Deferred gains or losses on hedges	6,134	–	75
Other	6,626	1,014	80
	14,071	1,598	171
Offset with deferred tax assets	–	(3)	–
	14,071	1,595	171
Net deferred tax assets (liabilities)	¥ (11,952)	¥ 24,430	$ (145)

	Thousands of yen 2012	Thousands of yen 2011	Thousands of U.S. dollars 2012
Deferred tax assets (non-current):			
Excess depreciation	¥ 43,476	¥ 33,989	$ 529
Land	1,309	869	16
Unrealized intercompany profits	1,409	8,534	17
Revaluation loss on investment securities	93,243	99,818	1,135
Allowance for doubtful receivables	5,387	106,619	66
Subsidiaries' stock	2,661	–	32
Revaluation loss on investments	17,429	18,658	212
Tax loss carryforwards	851,676	863,405	10,371
Lease deposit (Asset retirement obligations)	7,455	3,499	91
Stock Acquisition Rights	–	8,088	–
Other	10,962	1,478	134
	1,035,007	1,144,957	12,603
Valuation allowance	(1,006,835)	(1,117,371)	(12,261)
Offset with deferred tax liabilities	(1,693)	(2,130)	(20)
	26,479	25,456	322
Deferred tax liabilities (non-current):			
Loss on revaluation of assets under consolidated tax return system	29,754	32,944	362
Undistributed earnings of foreign affiliates accounted for by equity method	53,468	49,614	651
Unrealized gain(loss) on available-for-sale securities	1,799	–	22
	85,021	82,558	1,035
Offset with deferred tax assets	(1,693)	(2,130)	(20)
	83,328	80,428	1,015
Net deferred tax liabilities	¥ (56,849)	¥ (54,972)	$ (693)

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%

The effect on the deferred tax liability and income taxes-deferred by this tax-rates change is immaterial.

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 at November 30, 2012, and 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, 2012 and 2011. Changes in the number of shares of common stock issued for the two years ended November 30, 2012 are as follows:

	Issued shares
Balance at November 30, 2010	19,354,596
Balance at November 30, 2011	19,354,596
Balance at November 30, 2012	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 (a component of retained earnings) or as additional paid-in capital (a component of capital surplus). 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 sheet.

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, 2011 which was approved by the general meeting of shareholders held on February 25, 2011 were as follows:

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

Dividends paid during the year ended November 30, 2012 which was approved by the general meeting of shareholders held on February 28, 2012 were as follows:

(a)	Total dividends	¥57,275 thousand ($697 thousand)
(b)	Cash dividends per common share	¥3 ($0.04)
(c)	Record date	November 30, 2011
(d)	Effective date	February 29, 2012

Dividends to be paid after the balance sheet date but the record date for the payment belongs to the year ended November 30, 2012 which was approved by the general meeting of shareholders held on February 27, 2013 are as follows:

(a)	Total dividends	¥57,275 thousand ($697 thousand)
(b)	Dividends source	Capital surplus
(c)	Cash dividends per common share	¥3 ($0.04)
(d)	Record date	November 30, 2012
(e)	Effective date	February 28, 2013

(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, 2012 are as follows:

	Shares
Balance at November 30, 2010	262,499
Acquisition for treasury	320
Balance at November 30, 2011	262,819
Acquisition for treasury	40
Balance at November 30, 2012	262,859

13. STOCK OPTIONS

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

The gains on stock options cancellations for the year ended November 30, 2012 was ¥19,876 thousand ($242 thousand), which arose from waivers of stock option rights.

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, 2011	200,000
Granted	—
Forfeited	—
Vested	200,000
Outstanding at November 30, 2012	—
Vested:	
Outstanding at November 30, 2011	—
Vested	200,000
Exercised	—
Forfeited	200,000
Outstanding at November 30, 2012	—

Stock options forfeited were due to waivers of rights.

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

	2011 stock option plan
Exercise price	¥350 ($4.26)
Average stock price	—
Fair value at the grant date	¥99.38 ($1.21)

2011 stock options were extinguished due to waivers of rights.

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, 2012 and 2011 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Salaries	¥ 835,582	¥ 840,347	$ 10,175
Welfare expenses	205,664	189,057	2,504
Travelling expenses	193,686	193,369	2,359
Freight packing costs	197,449	154,785	2,404
Rent	189,700	238,304	2,310

15. RESERCH AND DEVELOPMENT COSTS

Research and development costs charged to income for the years ended November 30, 2012 and 2011 are ¥17,723 thousand ($216 thousand) and ¥66,107 thousand, respectively.

16. LOSS ON BUSINESS WITHDRAWAL

The Company recognized loss on a business withdrawal for the year ended November 30, 2012 as follows:

	Thousands of yen	Thousands of U.S. dollars
Withdrawal from DVD case sale and game soft package case sale	¥ 23,612	$ 287
Withdrawal from communication device sale	22,750	277
Withdrawal from preform manufacturing in Thailand	34,224	417
	¥ 80,586	$ 981

17. IMPAIRMENT LOSS

The Company recognized impairment losses for the years ended November 30, 2012 and 2011 as follows:

2012

Location	Usage	Classification
Nishi-shirakawa county, Fukushima and Kyoto-city	Recreation facilities	Buildings and structures, Land
Shinjuku City	Office	Buildings and structures, and other
Suzhou City, China	Production equipment	Machinery and equipment, vehicles and other
Guangzhou City, China	Production equipment	Machinery and equipment, and vehicles

2011

Location	Usage	Classification
Shinjuku City	Head office	Buildings
Shinjuku City	Head office	Furniture and equipments

Classification	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Buildings and structures	¥ 22,213	¥ 58,437	$ 271
Machinery and equipment, and vehicles	59,632	–	726
Land	1,309	–	16
Other	4,298	81	52
	¥ 87,453	¥ 58,519	$ 1,065

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. Idle assets are grouped as individual property.
Total book value of "buildings" and "land" at recreation facilities are written off because the Company estimated the recoverable amounts of the assets are zero due to fell off frequency of use.
Total book value of "buildings" and "others" at office are written off because the Company estimated the recoverable amounts of the assets are zero due to office relocation.
Total book value of "machinery and equipment" and "others" at production equipment are written off because the Company estimated the recoverable amounts of the assets are zero due to operating conditions.

18. 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
Expenses for restoration of damaged assets	¥ 97,529
Loss on destruction of inventories	17,969
Total	¥ 115,498

19. COMPREHENSIVE INCOME

Reclassification and tax effect of other comprehensive income for the year ended November 30, 2012 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Net unrealized gain (loss) on available-for-sale securities:		
Arising during the year	¥ 25,291	$ 308
Reclassification adjustment through profit or loss	504	6
Before tax effect	25,795	314
Tax effect	(1,799)	(22)
Net-of-tax amount	23,996	292
Deferred gain (loss) on derivatives under hedge accounting:		
Arising during the year	22,217	270
Reclassification adjustment through profit or loss	—	—
Before tax effect	22,217	270
Tax effect	(5,125)	(62)
Net-of-tax amount	17,092	208
Foreign currency translation adjustments:		
Arising during the year	90,824	1,106
Total comprehensive income	¥ 131,912	¥ 1,606

20. LEASES

The importance of transactions related to non-capitalized finance leases has decreased. Therefore, the notes are omitted for the year ended November 30, 2012.

A summary of assumed amounts of acquisition cost which includes interest portion, accumulated depreciation and net book value at November 30, 2011 are as follows, which would have been reflected in the consolidated balance sheet 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

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

		Thousands of yen
Within one year	¥	19,614
Over one year		1,351
	¥	20,965

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

		Thousands of yen
Lease expense	¥	24,785
Depreciation expense		22,659
Interest expense		1,480

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

21. 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, 2012 and 2011are as follows:
Financial instruments whose fair value is extremely difficult to measure are not included in the below table.

	Thousands of yen					
	2012			2011		
	Carrying amount	Fair value	Differences	Carrying amount	Fair value	Differences
Cash and deposits	¥ 2,493,586	¥ 2,493,586	¥ —	¥ 2,778,692	¥ 2,778,692	¥ —
Trade notes and accounts receivable	3,284,702	3,284,702	—	3,637,406	3,637,406	—
less: Allowance for doubtful receivables *1	(34,137)	(34,137)	—	(20,288)	(20,288)	—
	3,250,565	3,250,565	—	3,617,118	3,617,118	—
Investment securities	202,008	202,008	—	175,105	175,105	—
Long-term loan *2	34,170	34,170	—	—	—	—
less: Allowance for doubtful receivables *3	(14,365)	(14,365)	—	—	—	—
	19,805	19,805	—	—	—	—
Total assets	¥ 5,965,964	¥ 5,965,964	¥ —	¥ 6,570,915	¥ 6,570,915	¥ —
Trade notes and accounts payable	¥ 1,778,077	¥ 1,778,077	¥ —	¥ 2,281,621	¥ 2,281,621	¥ —
Short-term borrowings	781,840	781,840	—	1,152,696	1,152,696	—
Bond *4	70,000	69,783	(217)	90,000	89,735	(265)
Long-term borrowings *5	1,843,223	1,809,904	(33,319)	2,214,386	2,219,739	5,353
Total liabilities	¥ 4,473,140	¥ 4,439,604	¥ (33,536)	¥ 5,738,703	¥ 5,743,791	¥ 5,088
Derivatives *6	¥ 15,158	¥ 15,158	¥ —	¥ (7,059)	¥ (7,059)	¥ —

	Thousands of U.S. dollars					
	2012					
		Carrying amount		Fair value		Differences
Cash and deposits	$	30,365	$	30,365	$	―
Trade notes and accounts receivable		39,999		39,999		―
less: Allowance for doubtful receivables *1		(416)		(416)		―
		39,583		39,583		―
Investment securities		2,460		2,460		―
Long-term loan *2		416		416		―
less: Allowance for doubtful receivables *3		(175)		(175)		―
		241		241		―
Total assets	$	72,649	$	72,649	$	―
Trade notes and accounts payable	$	21,652	$	21,652	$	―
Short-term borrowings		9,521		9,521		―
Bond *4		853		850		(3)
Long-term borrowings *5		22,445		22,040		(405)
Total liabilities	$	54,471	$	50,063	$	(408)
Derivatives *6	$	185	¥	185	$	―

*1 Allowance for doubtful receivables which are estimated individually are excluded.
*2 Long-term loan includes current portion of long-term loan.
*3 Allowance for doubtful receivables which are estimated individually are excluded.
*4 Corporate bond includes corporate bonds redeemable within one year.
*5 Long-term borrowings includes current portion of long-term debt.
*6 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
   Stocks fair values are based on prices of the stock exchanges and bonds fair values are based on quotes from counterparties. Also please see Note 4.
c. Long-term loan
   The Company classifies long term loans by term and credit risk, and calculates the fair values based on the present value of future cash flows discounted using the government bonds interest rate, etc. and credit spread. Fair values of doubtful loans are based on the similar present value of future cash flows or the amount recoverable from collateral or guarantee. Certain consolidated subsidiaries calculate the fair values based on the present value of future cash flows of interest and principal discounted using the secure interest rate.

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 22.

2. Financial instruments whose fair value is extremely difficult to measure at November 30, 2012 and 2011 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Investment securities: Unlisted stock, etc.	¥ 127,115	¥ 109,310	$ 1,548
Investments in capital of affiliates: Unlisted stock, etc.	1,001,732	934,589	12,198
Others: Unlisted stock, etc.	17,789	17,789	217
	¥ 1,146,636	¥ 1,061,688	$ 13,963

The above financial instruments have no market value, 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	¥ 2,493,586	¥ —	¥ —
Trade notes and accounts receivable	3,284,702	—	—
Total	¥ 5,778,288	¥ —	¥ —

	Thousands of U.S. dollars		
	Within one year	More than one year through five years	More than five years
Cash and deposits	$ 30,365	$ —	$ —
Trade notes and accounts receivable	39,999	—	—
Total	$ 70,364	$ —	$ —

22. DERIVATIVES

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

The Company had no derivatives outstanding at November 30, 2012 and 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, 2012 and 2011:

		Thousands of yen			
	Hedged items		Contract or notional amounts		Fair value
November 30, 2012					
Forward exchange contracts:					
Selling foreign currency:	Accounts receivable				
U.S. dollar		¥	1,664	¥	(101)
Euro			24,593		(879)
Buying foreign currency:	Accounts payable				
U.S. dollar			136,356		3,903
Euro			361,750		8,994
Other currencies			70,449		3,241
Interest rate swaps — fixed rate payment, floating rate receipt	Long-term borrowings		540,000		*
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		*

		Thousands of U.S. dollars			
	Hedged items		Contract or notional amounts		Fair value
November 30, 2012					
Forward exchange contracts:					
Selling foreign currency:	Accounts receivable				
U.S. dollar		$	20	$	(1)
Euro			299		(11)
Buying foreign currency:	Accounts payable				
U.S. dollar			1,660		48
Euro			4,405		110
Other currencies			858		39
Interest rate swaps — fixed rate payment, floating rate receipt	Long-term borrowings		6,576		*

* 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.

23. COMMITMENTS AND CONTINGENCIES

At November 30, 2012, 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.	¥ 12,555	$ 153

At November 30, 2012, the Company was contingently liable for investment guarantee of ¥9,585 thousand ($117 thousand) for Altech Asia Pacific Co., Ltd. to SBCS Co., Ltd. and SMBC Co., Ltd, which are subsidiaries of Sumitomo Mitsui Banking Corporation.

24. 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 related transactions for the year then ended as follows:

	Thousands of yen
Balances:	
Accrued expenses	¥ 333
Transactions:	
Purchases of subsidiary's stocks	105,171
Cost for temporary engineers	1,249

Balances of the Company's subsidiary with N-TECH Co., Ltd. at November 30, 2012 and 2011 related transactions for the years then ended as follows:

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Balances:			
Accounts receivable	¥ 27	¥ 238	$ 0
Accounts payable	8,192	8,310	100
Transactions:			
Sales of pallet and buffer material, etc.	8,411	5,686	102
Purchases of materials and repair of machinery	104,731	99,056	1,275

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

At November 30, 2011, the Company's subsidiary extended ¥31,730 thousand loan to Mr. Yoshinori Umeki, a former 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, 2012, the subsidiary collected ¥560 thousand ($7 thousand) and provided an allowance for doubtful receivables of ¥13,980 thousand ($170 thousand). As a result, at November 30, 2012, the outstanding loan balance is ¥17,190 thousand ($209 thousand).

Condensed financial information of the significant affiliate

The condensed financial information of the significant affiliate, Altech New Material (Shenzhen) Co., Ltd. at November 30, 2012 and 2011 is as follows:

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Total current assets	¥ 1,982,650	¥ 2,406,337	$ 24,143
Total non-current assets	475,283	592,266	5,788
Total current liabilities	217,036	919,105	2,643
Total non-current liabilities	―	―	―
Total net assets	2,240,897	2,079,498	27,288
Sales	5,344,742	6,017,272	65,085
Income before income taxes	178,084	315,848	2,169
Net income	148,059	277,946	1,803

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, 2012 and 2011 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Net income from the rental property	¥ 116,144	¥ 113,476	$ 1,414

(2) The carrying amounts and fair values related to the rental property at November 30, 2012 and 2011, and movement of the carrying amount for the years then ended are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
At beginning of the year	¥ 629,546	¥ 689,535	$ 7,666
Movement	(23,887)	(59,989)	(291)
At end of the year	¥ 605,659	¥ 629,546	$ 7,375
Fair value at end of the year	¥ 716,522	¥ 736,731	$ 8,725

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."

26. SEGMENT INFORMATION

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 statement of income.
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 years ended November 30, 2012 and 2011 are summarized as follows:

	Thousands of yen					
	2012					
	Reported segments					
	Wholesale	Preform	Other	Total	Adjustments	Consolidated
Operating revenues:						
Revenues from third parties	¥ 11,155,649	¥ 4,408,888	¥ 1,669,261	¥ 17,233,798	¥ –	¥ 17,233,798
Intersegment revenues	50,040	39,764	88,216	178,020	(178,020)	–
Total	11,205,689	4,448,652	1,757,477	17,411,818	(178,020)	17,233,798
Segment income (loss)	¥ 406,953	¥ (59,252)	¥ 33,962	¥ 381,663	¥ (177,246)	¥ 204,417
Segment assets	¥ 3,919,994	¥ 8,488,321	¥ 1,265,253	¥ 13,673,568	¥ 2,033,205	¥ 15,706,773
Others:						
Depreciation and amortization	¥ 24,814	¥ 747,299	¥ 107,162	¥ 879,275	¥ 7,764	¥ 887,039
Increase in property and equipment and intangible assets	¥ 8,266	¥ 978,819	¥ 176,401	¥ 1,163,486	¥ 5,933	¥ 1,169,419

	Thousands of yen					
	2011					
	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					
	2012					
	Reported segments					
	Wholesale	Preform	Other	Total	Adjustments	Consolidated
Operating revenues:						
Revenues from third parties	$ 135,846	$ 53,688	$ 20,327	$ 209,861	$ –	$ 209,861
Intersegment revenues	610	484	1,074	2,168	(2,168)	–
Total	136,456	54,172	21,401	212,029	(2,168)	209,861
Segment income (loss)	$ 4,955	$ (722)	$ 414	$ 4,647	$ (2,158)	$ 2,489
Segment assets	$ 47,735	$ 103,365	$ 15,407	$ 166,507	$ 24,759	$ 191,266
Others:						
Depreciation and amortization	$ 302	$ 9,100	$ 1,305	$ 10,707	$ 95	$ 10,802
Increase in property and equipment and intangible assets	$ 101	$ 11,919	$ 2,148	$ 14,168	$ 72	$ 14,240

The adjustment in "Segment income (loss)" for the years ended November 30, 2012 and 2011 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Intersegment transactions	¥ (70,390)	¥ (124,248)	$ (857)
Amortization of goodwill	–	(3,776)	–
Non-categorized expenses	(142,220)	(96,489)	(1,732)
Adjustments of fixed assets	35,364	39,971	431
	¥ (177,246)	¥ (184,542)	$ (2,158)

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, 2012 and 2011 are as follows:

	Thousands of yen 2012	Thousands of yen 2011	Thousands of U.S. dollars 2012
Intersegment balances	¥ (1,365,947)	¥ (1,367,710)	$ (16,634)
Non-categorized assets	3,399,152	3,490,789	41,393
	¥ 2,033,205	¥ 2,123,079	$ 24,759

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 2012	Thousands of yen 2011	Thousands of U.S. dollars 2012
Japan	¥ 10,683,317	¥ 11,299,752	$ 130,094
Asia	4,473,586	4,097,989	54,476
Americas	4,827	41,740	59
Europe	2,048,716	1,374,236	24,948
Other	23,352	41,160	284
	¥ 17,233,798	¥ 16,854,877	$ 209,861

(2) Property and equipment

	Thousands of yen 2012	Thousands of yen 2011	Thousands of U.S. dollars 2012
Japan	¥ 505,600	¥ 606,264	$ 6,157
Asia	4,522,752	4,560,311	55,075
	¥ 5,028,352	¥ 5,166,575	$ 61,232

3. Information by major customers

The information for major customers for the year ended November 30, 2012 is follows:

Customer	Segment	Thousands of yen	Thousands of U.S. dollars
DNP PHOTO IMAGING EUROPE SAS	Wholesale	¥ 1,867,548	$ 22,742

Disclosures are omitted because no particular third party whose operating revenues are over 10% of operating revenues in the consolidated statement of income exists for the year ended November 30, 2011.

Information of impairment loss on fixed assets by reported segments

	Thousands of yen									
		Wholesale		Preform		Other		Adjustments		Consolidated
November 30, 2012										
Impairment loss	¥	–	¥	59,840	¥	8,761	¥	18,852	¥	87,453
November 30, 2011										
Impairment loss	¥	–	¥	–	¥	–	¥	58,519	¥	58,519

	Thousands of U.S. dollars									
		Wholesale		Preform		Other		Adjustments		Consolidated
November 30, 2012										
Impairment loss	$	–	$	729	$	107	$	229	$	1,065

Information of amortization and balance of googwill

	Thousands of yen									
		Wholesale		Preform		Other		Adjustments		Consolidated
November 30, 2012										
Amortization for the year	¥	–	¥	–	¥	–	¥	–	¥	–
Balance		–		–		–		–		–
November 30, 2011										
Amortization for the year	¥	–	¥	–	¥	–	¥	3,776	¥	3,776
Balance		–		–		–		–		–

	Thousands of U.S. dollars									
		Wholesale		Preform		Other		Adjustments		Consolidated
November 30, 2012										
Amortization for the year	$	–	$	–	$	–	$	–	$	–
Balance		–		–		–		–		–

Negative goodwill incurred by reported segments

Negative goodwill is not recorded for the year ended November 30, 2012.

Negative goodwill of ¥22,279 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.).

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, 2012 and 2011 are as follows:

	Yen				U.S. dollars	
		2012		2011		2012
Basic net income per share	¥	1.38	¥	2.54	$	0.02

The diluted net income per share for the year ended November 30, 2012 are not presented as there are not dilutive potential shares at the year end .

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Net income	¥ 26,421	¥ 48,522	$ 322
Net income not applicable to common shareholders	–	–	–
Net income applicable to common shareholders	¥ 26,421	¥ 48,522	$ 322

	Number of shares	
	2012	2011
Weighted average number of shares outstanding on which basic net income per share is calculated	19,091,749	19,091,910

(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, 2012 and 2011 are as follows:

	Yen		U.S. dollars
	2012	2011	2012
Net assets per share	¥ 459.02	¥ 453.72	$ 5.59

	Thousands of yen		Thousands of U.S. dollars
	2012	2011	2012
Total net assets	¥ 8,842,055	¥ 8,731,646	$ 107,672
Amount deducted from total net assets:			
Stock acquisition rights	–	19,876	–
Minority interests	78,613	49,375	957
Net assets applicable to common shareholders	¥ 8,763,442	¥ 8,662,395	$ 106,715

	Number of shares	
	2012	2011
Number of shares outstanding at end of year on which net assets per share is calculated	19,091,737	19,091,777