ALTECH Co., Ltd. and Consolidated Subsidiaries

Audited Consolidated Financial Statements

for the Year Ended November 30, 2013

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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, 2013, and the consolidated statement of income, comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, 2013, 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, 2014

BDO Toyo & Co

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheet
November 30, 2013 and 2012

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
ASSETS			
CURRENT ASSETS:			
Cash and deposits (Note 3)	¥ 3,716,612	¥ 2,493,586	$ 36,288
Trade notes and accounts receivable	2,427,933	3,284,702	23,705
Inventories	1,639,715	1,870,152	16,010
Advances paid	488,137	354,508	4,766
Deferred tax assets (Note 10)	–	2,119	–
Other current assets	274,151	364,953	2,677
Allowance for doubtful receivables	(455)	(34,137)	(4)
Total current assets	8,546,093	8,335,883	83,442
PROPERTY, PLANT AND EQUIPMENT :			
Buildings and structures (Note 8)	3,067,532	2,140,181	29,951
Machinery and equipment, and vehicles	5,881,629	4,482,721	57,427
Land	55,309	79,170	540
Lease assets	464,665	276,921	4,537
Construction in progress	25,420	559,883	248
Other	2,159,882	1,731,717	21,088
Total	11,654,437	9,270,593	113,791
Accumulated depreciation	(6,102,350)	(4,242,241)	(59,582)
Net property, plant and equipment	5,552,087	5,028,352	54,209
INTANGIBLE ASSETS, NET (Note 8)	574,149	447,603	5,606
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4, 5 and 8)	409,047	329,123	3,994
Investment in capital of affiliates (Note 5)	1,300,697	1,001,732	12,700
Long-term loan receivables	–	31,020	–
Lease deposits (Note 11)	231,999	193,253	2,265
Long-term deposits (Note 6)	–	200,000	–
Deferred tax assets (Note 10)	22,898	26,479	223
Other assets	149,145	127,693	1,456
Allowance for doubtful receivables	(21,769)	(14,365)	(213)
Total investments and other assets	2,092,017	1,894,935	20,425
TOTAL	¥ 16,764,346	¥ 15,706,773	$ 163,682

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Trade notes and accounts payable	¥ 2,321,741	¥ 1,778,077	$ 22,669
Short-term borrowings and current portion of long-term borrowings (Notes 7, 8 and 9)	1,460,505	1,537,096	14,260
Current portion of bond (Note 7)	36,000	20,000	351
Accrued expenses	348,161	453,785	3,399
Short-term lease obligations (Note 7)	93,865	58,395	916
Income taxes payable (Note 10)	42,272	35,061	413
Advances received	699,956	1,259,524	6,834
Deferred tax liabilities (Note 10)	16,956	14,071	166
Accrued losses on sales contracts	315	2	3
Accounts payable-other	317,512	305,183	3,100
Other current liabilities	52,962	25,322	517
Total current liabilities	5,390,245	5,486,516	52,628
LONG-TERM LIABILITIES:			
Bond (Note 7)	94,000	50,000	918
Long-term borrowings (Notes 7, 8 and 9)	1,187,102	1,087,967	11,591
Long-term lease obligations (Note 7)	232,001	149,918	2,265
Deferred tax liabilities (Note 10)	141,903	83,328	1,385
Other long-term liabilities	8,371	6,989	82
Total long-term liabilities	1,663,377	1,378,202	16,241
Total liabilities	7,053,622	6,864,718	68,869
SHAREHOLDERS' EQUITY (Note 12):			
Common stock	5,527,830	5,527,830	53,972
Capital surplus	2,252,220	2,309,495	21,990
Retained earnings	1,812,201	1,736,659	17,694
Treasury stock	(922,916)	(222,797)	(9,011)
Total shareholders' equity	8,669,335	9,351,187	84,645
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)			
Net unrealized gain on available-for-sale securities (Note 4)	66,225	2,935	647
Deferred gain on derivatives under hedge accounting (Note 21)	11,767	9,024	115
Foreign currency translation adjustments	854,800	(599,704)	8,346
Total accumulated other comprehensive income (loss)	932,792	(587,745)	9,108
STOCK ACQUISITION RIGHTS (Note 13)	–	–	–
MINORITY INTERESTS	108,597	78,613	1,060
Total net assets	9,710,724	8,842,055	94,813
COMMITMENTS AND CONTINGENCIES (Note 22)			
TOTAL	¥ 16,764,346	¥ 15,706,773	$ 163,682

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Income
Year Ended November 30, 2013 and 2012

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
NET SALES	¥ 16,591,374	¥ 17,233,798	$ 161,993
COST OF SALES	13,579,813	14,352,265	132,589
Gross profit	3,011,561	2,881,533	29,404
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 14 and 15)	2,701,822	2,677,116	26,380
Operating profit	309,739	204,417	3,024
OTHER INCOME (EXPENSES):			
Interest and dividends income	15,867	28,198	155
Equity in earnings of affiliates	43,940	84,431	429
Foreign exchange gain	277,152	17,757	2,706
Income from rent	–	22,032	–
Interest expense	(116,143)	(143,341)	(1,134)
Commission paid	(31,925)	(24,173)	(312)
Gain on sale of property, plant and equipment	9,706	2,104	95
Gain on reversal of stock acquisition rights (Note 13)	–	19,876	–
Compensation for relocation	175,780	–	1,716
Cash surrender value of insurance	23,195	–	227
Loss on sale of property, plant and equipment	(52,035)	–	(508)
Loss on business structure improvement (Note 16)	(413,162)	–	(4,034)
Loss on business withdrawal (Note 17)	–	(80,586)	–
Impairment loss (Note 18)	–	(87,453)	–
Other—net	(61,986)	100,839	(605)
Other expenses—net	(129,611)	(60,316)	(1,265)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	180,128	144,101	1,759
INCOME TAXES (Note 10):			
Current	65,768	62,020	642
Deferred	27,205	30,229	266
Total income taxes	92,973	92,249	908
INCOME BEFORE MINORITY INTERESTS	87,155	51,852	851
MINORITY INTERESTS	(11,613)	(25,432)	(113)
NET INCOME	¥ 75,542	¥ 26,420	$ 738

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended November 30, 2013 and 2012

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
INCOME BEFORE MINORITY INTERESTS	¥ 87,155	¥ 51,853	$ 851
OTHER COMPREHENSIVE INCOME (Note 19):			
Net unrealized gain on available-for-sale securities	63,290	23,996	618
Deferred gain on derivatives under hedge accounting	2,743	17,092	27
Foreign currency translation adjustments	1,173,276	84,820	11,455
Share of other comprehensive income of affiliates accounted for by equity method	281,228	6,004	2,746
Total other comprehensive income	1,520,537	131,912	14,846
COMPREHENSIVE INCOME	¥ 1,607,692	¥ 183,765	$ 15,697
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Comprehensive income attributable to owners of parent	1,577,708	157,271	15,404
Comprehensive income attributable to minority interests	29,984	26,494	293

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets
Year ended November 30, 2013 and 2012

Thousands of yen

	Shareholders' equity (Note 12)					Accumulated other comprehensive income (loss)						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain on available-for-sale securities (Note 4)	Deferred gain on derivatives under hedge accounting (Note 21)	Foreign currency translation adjustments	Total	Stock acquisition rights (Note 13)	Minority interests	Total net assets
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
Changes arising during the year:												
Dividends		(57,275)			(57,275)							(57,275)
Net income			75,542		75,542							75,542
Purchase of treasury stock				(700,119)	(700,119)							(700,119)
Net changes other than shareholders' equity					–	63,290	2,743	1,454,504	1,520,537	–	29,984	1,550,521
Total changes during the year	–	(57,275)	75,542	(700,119)	(681,852)	63,290	2,743	1,454,504	1,520,537	–	29,984	868,669
Balance at November 30, 2013	¥ 5,527,830	¥ 2,252,220	¥ 1,812,201	¥ (922,916)	¥ 8,669,335	¥ 66,225	¥ 11,767	¥ 854,800	¥ 932,792	¥ –	¥ 108,597	¥ 9,710,724

Thousands of U.S. dollars (Note 1)

	Shareholders' equity (Note 12)					Accumulated other comprehensive income (loss)						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain on available-for-sale securities (Note 4)	Deferred gain on derivatives under hedge accounting (Note 21)	Foreign currency translation adjustments	Total	Stock acquisition rights (Note 13)	Minority interests	Total net assets
Balance at November 30, 2012	$ 53,972	$ 22,549	$ 16,956	$ (2,175)	$ 91,302	$ 29	$ 88	$ (5,855)	$ (5,738)	$ –	$ 768	$ 86,332
Changes arising during the year:												
Dividends		(559)			(559)							(559)
Net income			738		738							738
Purchase of treasury stock				(6,836)	(6,836)							(6,836)
Net changes other than shareholders' equity					–	618	27	14,201	14,846	–	292	15,138
Total changes during the year	–	(559)	738	(6,836)	(6,657)	618	27	14,201	14,846	–	292	8,481
Balance at November 30, 2013	$ 53,972	$ 21,990	$ 17,694	$ (9,011)	$ 84,645	$ 647	$ 115	$ 8,346	$ 9,108	$ –	$ 1,060	$ 94,813

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year ended November 30, 2013 and 2012

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 180,128	¥ 144,101	$ 1,759
Depreciation and amortization	1,039,747	887,039	10,152
Impairment loss	–	87,453	–
Provision for doubtful receivables	(26,278)	(511,030)	(257)
Interest and dividends income	(15,867)	(28,198)	(155)
Cash surrender value of insurance	(23,195)	–	(226)
Interest expense	116,143	143,341	1,134
Foreign exchange gain	(386,171)	(18,867)	(3,770)
Equity in earnings of affiliates	(43,940)	(84,431)	(429)
Plant relocation compensation	(175,780)	–	(1,716)
Loss on business withdrawal	–	80,586	–
Loss on business structure improvement	413,162	–	4,034
Gain on reversal of stock acquisition rights	–	(19,876)	–
Loss on sale of property, plant and equipment	42,329	–	413
Decrease in trade receivables	1,068,887	355,248	10,436
Decrease (Increase) in inventories	320,651	(275,249)	3,131
Decrease (Increase) in advances paid	(115,178)	347,835	(1,126)
Increase (Decrease) in trade payables	452,146	(503,614)	4,415
Increase (Decrease) in accrued expenses	(136,467)	70,049	(1,332)
Increase (Decrease) in advances received	(537,395)	153,325	(5,247)
Other, net	47,788	530,902	466
Sub total	2,220,710	1,358,614	21,682
Interest and dividends received	15,932	253,926	156
Interest paid	(116,892)	(146,170)	(1,141)
Income taxes paid	(54,276)	(89,446)	(530)
Income taxes refunded	3,636	2,332	35
Net cash provided by operating activities	2,069,110	1,379,256	20,202

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

Consolidated Statement of Cash Flows
Year ended November 30, 2013 and 2012

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(440,479)	(867,661)	(4,301)
Proceeds from sales of property, plant and equipment	49,947	105,683	488
Purchases of investment securities	(105,557)	(3,065)	(1,031)
Purchases of intangible fixed assets	(25,223)	(160,128)	(246)
Increase in long-term loans receivable	–	(5,549)	–
Decrease in long-term loans receivable	53,026	3,396	518
Proceeds from withdrawal of long-term deposits	200,000	–	1,953
Other, net	163,764	39,425	1,599
Net cash used in investing activities	(104,522)	(887,899)	(1,020)
FINANCING ACTIVITIES:			
Decrease in short-term debt	(330,231)	(426,408)	(3,224)
Proceeds from long-term debt	700,000	569,889	6,835
Repayments on long-term debt	(722,541)	(909,767)	(7,055)
Proceeds from bond issues	80,000	–	781
Repayments on bonds	(20,000)	(20,000)	(195)
Payments for purchase of treasury stock	(700,120)	(10)	(6,836)
Dividends paid to shareholders	(57,637)	(58,884)	(563)
Repayments on lease obligations	(139,661)	(101,736)	(1,364)
Proceeds from sale and leaseback	212,893	131,784	2,079
Other, net	—	2,743	—
Net cash used in financing activities	(977,297)	(812,389)	(9,542)
Effect of exchange rate changes on cash and cash	235,735	35,926	2,301
Net increase (decrease) in cash and cash equivalents	1,223,026	(285,106)	11,941
Cash and cash equivalents at beginning of year	2,493,586	2,778,692	24,347
Cash and cash equivalents at end of year (Note 3)	¥ 3,716,612	¥ 2,493,586	$ 36,288

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
Year Ended November 30, 2013 and 2012

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 2012 financial statements to conform to the classifications used in 2013.

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 ¥102.42 to $1, the approximate rate of exchange at November 30, 2013. 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, 2013 include the accounts of the Company and its 12 significant (11 in 2012) 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 1 (2 in 2012) affiliates are accounted for by the equity method. Investment in the remaining 3 (3 in 2012) unconsolidated subsidiaries and an affiliate 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.

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 foreign 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 foreign 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 (from 4 to 8 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.

i. ***Accrued Losses on Sales Contracts —*** Accrued losses on sales contracts are provided for at the amount of estimated future losses on sales contracts at the balance sheet date when such losses are probable and can be reasonably estimated *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 income (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 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.

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. ***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, 2013.

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, 2013 and 2012 are follows:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Cash and deposits	¥ 3,716,612	¥ 2,493,586	$ 36,288
Cash and cash equivalents	¥ 3,716,612	¥ 2,493,586	$ 36,288

4. INVESTMENT SECURITIES

Acquisition cost, balance sheet amount, and unrealized gain (loss) of available-for sale securities with fair value at November 30, 2013 and 2012 are summarized as follows:

	Thousands of yen			
	Acquisition cost	Unrealized gain	Unrealized loss	Balance sheet amount
November 30, 2013				
Equity securities	¥ 302,216	¥ 106,831	¥ –	¥ 409,047
November 30, 2012				
Equity securities	¥ 196,775	¥ 29,988	¥ (25,255)	¥ 201,508

	Thousands of U.S. dollars			
	Acquisition cost	Unrealized Gain	Unrealized loss	Balance sheet amount
November 30, 2013				
Equity securities	$ 2,951	$ 1,043	$ –	$ 3,994

For the years ended November 30, 2013 and 2012, proceeds from sales of available-for-sale securities are ¥1,300 thousand ($13 thousand) and ¥31,452 thousand, gross realized gains on these sales are ¥800 thousand ($8 thousand) and ¥30,000 thousand, gross realized losses on these sales are nil and ¥504 thousand, respectively.

5. INVESTMENTS IN AFFILIATES

The aggregate carrying amounts of investments in affiliates at November 30, 2013 and 2012 are ¥1,300,697 thousand ($12,700 thousand) and ¥1,128,847 thousand, respectively.

6. LONG-TERM DEPOSITS

The carrying amount of long-term deposit at November 30, 2012 was ¥200,000 thousand. The maturity date was March 25, 2019, but it was cancelled before its maturity in 2013. Because the bank requested this cancellation, the Company has not been required to pay penalties.

7. SHORT-TERM DEBT AND LONG-TERM DEBT

(1) Short-term borrowings

Short-term borrowings at November 30, 2013 and 2012, consisted of notes to banks, loan on deed and bank overdrafts. The average interest rates applicable to the short-term borrowings are 4.8% and 5.0% at November 30, 2013 and 2012, respectively.

(2) Bond

Bond at November 30, 2013 and 2012, consisted of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Bond, due serially to 2016 with interest rate of 0.77%	¥ 50,000	¥ 70,000	$ 488
Less current portion	20,000	20,000	195
	30,000	50,000	293
Bond, due serially to 2018 with interest rate of 0.63%	80,000	–	781
Less current portion	16,000	–	156
	64,000	–	625
Total	¥ 94,000	¥ 50,000	$ 918

The aggregate annual maturities of the bond after November 30, 2014 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2015	36,000	352
2016	26,000	254
2017	16,000	156
2018	16,000	156

(3) Long-term borrowings

Long-term borrowings at November 30, 2013 and 2012, consisted of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Loans from banks and other financial institutions, due serially to 2018 with average interest rates of 2.7%	¥ 1,936,247	¥ —	$ 18,905
Loans from banks and other financial institutions, due serially to 2017 with average interest rates of 3.2%	—	1,843,223	—
	1,936,247	1,843,223	18,905
Less current portion	749,145	755,256	7,314
Total	¥ 1,187,102	¥ 1,087,967	$ 11,591

The aggregate annual maturities of long-term borrowings after November 30, 2014 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2015	¥ 471,151	$ 4,600
2016	360,131	3,517
2017	215,820	2,107
2018	140,000	1,367

(4) Lease liabilities

Lease liabilities at November 30, 2013 and 2012 consisted of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Lease liabilities, with average interest rates of 6.8%	¥ 325,866	¥ –	$ 3,181
Lease liabilities, with average interest rates of 5.9%	–	208,313	–
Less current portion	93,865	58,395	916
Total	¥ 232,001	¥ 149,918	$ 2,265

The aggregate annual maturities of lease liabilities after November 30, 2014 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2015	¥ 73,130	$ 714
2016	68,801	672
2017	70,990	693
2018	19,080	186

(5) Commitments

At November 30, 2013, 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	$ 21,968
Borrowings	1,100,000	10,740
Unused commitments	¥ 1,150,000	$ 11,228

8. ASSETS PLEDGED

The carrying amounts of assets pledged as collateral and collateralized debt at November 30, 2013 and 2012, were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Assets pledged as collateral:			
Buildings and structures	¥ 1,159,799	¥ 957,906	$ 11,324
Investment securities	9,885	5,655	97
Land use rights	108,074	87,396	1,055
Total	¥ 1,277,758	¥ 1,050,957	$ 12,476
Collateralized debt:			
Short-term borrowings	¥ 681,360	¥ 746,840	$ 6,653
Long-term borrowings	240,000	110,000	2,343
Total	¥ 921,360	¥ 856,840	$ 8,996

9. RESTRICTIVE FINANCIAL COVENANTS

Followings are information about syndicated loans at November 30, 2013.

(1) 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 ($10,740 thousand), balance at November 30, 2013: ¥220,000 thousand ($2,148 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) 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, 2013: $174 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.

(3) 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, 2013: $174 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.

(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: February 18, 2011, balance at November 30, 2013: $929 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, 2009.

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 (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, 2013: $1,146 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.

(6) 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 ($11,228 thousand), balance at November 30, 2013: 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.

(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 3, 2012, balance at November 30, 2013: $799 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.

(8) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: September 25, 2013, maximum borrowing amount: ¥700,000 thousand ($6,835 thousand), balance at November 30, 2013: ¥700,000 thousand ($6,835 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, 2012.

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.

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) 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: ¥1,100,000 thousand, balance at November 30, 2012: ¥440,000 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.

(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, 2009.

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, 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.

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 38.0% and 40.7% for the years ended November 30, 2013 and 2012, respectively.
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, 2013 and 2012 is follows:

	2013	2012
Statutory tax rate	38.0%	40.7%
Expenses not deductible for tax purposes	8.0	9.9
Income not credited for tax purposes	(0.5)	(1.1)
Per capita tax	4.6	4.9
Lower income tax rates applicable to income in certain foreign countries	(22.1)	30.2
Valuation allowance	(0.3)	10.9
Not recognized deferred taxes on unrealized gains	(7.6)	(10.6)
Equity in earnings, etc.	(9.3)	(23.8)
Undistributed earnings of foreign affiliates accounted for by equity method	10.6	2.7
Consolidation adjustment for gain on sales of shares in affiliates	30.3	–
Other	(0.1)	0.2
Effective tax rate	51.6%	64.0%

Significant components of deferred tax assets and liabilities at November 30, 2013 and 2012 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred tax assets (current):			
Accrued expenses	¥ 53,191	¥ 46,033	$ 519
Other payables	8,387	7,179	82
Allowance for doubtful receivables	17,278	19,601	169
Products	112,170	140,802	1,095
Other	32,408	39,710	316
	223,434	253,325	2,181
Valuation allowance	(223,434)	(251,206)	(2,181)
Offset with deferred tax liabilities	–	–	–
	–	2,119	–
Deferred tax liabilities (current):			
Dividends receivable	651	577	6
Business tax receivable	–	734	–
Deferred gains or losses on hedges	8,252	6,134	81
Other	8,053	6,626	79
	16,956	14,071	166
Offset with deferred tax assets	–	–	–
	16,956	14,071	166
Net deferred tax liabilities	¥ 16,956	¥ 11,952	$ 166
Deferred tax assets (non-current):			
Excess depreciation	¥ 28,897	¥ 43,476	$ 282
Land	828	1,309	8
Unrealized intercompany profits	1,127	1,409	11
Revaluation loss on investment securities	93,243	93,243	910
Allowance for doubtful receivables	116	5,387	1
Subsidiaries' stock	5,490	2,661	54
Revaluation loss on investments	17,429	17,429	170
Tax loss carryforwards	1,598,200	851,676	15,604
Lease deposit (Asset retirement obligations)	9,683	7,455	95
Other	10,754	10,962	105
	1,765,767	1,035,007	17,240
Valuation allowance	(1,741,742)	(1,006,835)	(17,006)
Offset with deferred tax liabilities	(1,127)	(1,693)	(11)
	22,898	26,479	223
Deferred tax liabilities (non-current):			
Loss on revaluation of assets under consolidated tax return system	29,786	29,754	291
Undistributed earnings of foreign affiliates accounted for by equity method	72,637	53,468	709
Unrealized gain on available-for-sale securities	40,607	1,799	396
	143,030	85,021	1,396
Offset with deferred tax assets	(1,127)	(1,693)	(11)
	141,903	83,328	1,385
Net deferred tax liabilities	¥ 119,005	¥ 56,849	$ 1,162

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, 2013, 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, 2013 and 2012. Changes in the number of shares of common stock issued for the two years ended November 30, 2013 are as follows:

	Issued shares
Balance at November 30, 2011	19,354,596
Balance at November 30, 2012	19,354,596
Balance at November 30, 2013	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, 2012 which was approved by the general meeting of shareholders held on February 28, 2012 were as follows:

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

Dividends paid during the year ended November 30, 2013 which was approved by the general meeting of shareholders held on February 27, 2013 were as follows:

(a)	Total dividends	¥57,275 thousand ($559 thousand)
(b)	Cash dividends per common share	¥3 ($0.03)
(c)	Record date	November 30, 2012
(d)	Effective date	February 28, 2013

Dividends to be paid after the balance sheet date but the record date for the payment belongs to the year ended November 30, 2013 which was approved by the general meeting of shareholders held on February 27, 2014 are as follows:

(a)	Total dividends	¥51,441 thousand ($502 thousand)
(b)	Dividends source	Capital surplus
(c)	Cash dividends per common share	¥3 ($0.03)
(d)	Record date	November 30, 2013
(e)	Effective date	February 28, 2014

(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, 2013 are as follows:

	Shares
Balance at November 30, 2011	262,819
Acquisition for treasury	40
Balance at November 30, 2012	262,859
Acquisition for treasury	1,944,868
Balance at November 30, 2013	2,207,727

13. STOCK OPTIONS

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

14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Significant components of selling, general and administrative expenses for the years ended November 30, 2013 and 2012 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Salaries	¥ 780,108	¥ 835,582	$ 7,617
Welfare expenses	216,546	205,664	2,114
Travelling expenses	179,808	193,686	1,756
Freight packing costs	189,284	197,449	1,848
Rent	176,158	189,700	1,720

15. RESERCH AND DEVELOPMENT COSTS

Research and development costs charged to income for the years ended November 30, 2013 and 2012 are ¥2,061 thousand ($20 thousand) and ¥17,723 thousand, respectively.

16. LOSS ON BUSINESS STRUCTURE IMPROVEMENT

The Company recognized loss on business structure improvement for the year ended November 30, 2013 as follows:

		Thousands of yen		Thousands of U.S. dollars
Impairment loss	¥	150,651	$	1,471
Loss from suspension of research and development		219,459		2,143
Other		43,052		420
Total	¥	413,162	$	4,034

The detail of impairment loss which is included in loss on business structure improvement is as follows:

Location	Usage	Classification
Chuo City	Trial product for research and development	Tools, furniture and Fixtures
Sakai City	Production equipment	Machinery and equipment, and vehicles, and other

The long-lived assets that are used for business are grouped according to the classification for management reporting, and the assets for wholesale 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.
Book value of the trial product for research and development for wholesale business is reduced to estimated recoverable amount. The Company estimated the recoverable amount of the assets is zero because a chance of use in the future is not clear due to structure improvements.
Book value of the production equipment for other business is reduced to estimated recoverable amount. The recoverable amount is measured at its value in use. The future cash flow is used for calculation of the value in use and is discounted by 3.95%.

17. LOSS ON BUSINESS WITHDRAWAL

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

		Thousands of yen
Withdrawal from DVD case sale and game soft package case sale	¥	23,612
Withdrawal from communication device sale		22,750
Withdrawal from preform manufacturing in Thailand		34,224
	¥	80,586

18 IMPAIRMENT LOSS

The Company recognized impairment losses for the year ended November 30, 2012 as follows:

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

Classification	Thousands of yen
Buildings and structures	¥ 22,213
Machinery and equipment, and vehicles	59,633
Land	1,309
Other	4,298
	¥ 87,453

The long-lived assets that are used for business are grouped according to the classification for management reporting, and the assets for wholesale 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.

19. OTHER COMPREHENSIVE INCOME

Reclassification and tax effect of other comprehensive income for the year ended November 30, 2013 and 2012 are as follows are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Net unrealized gain on available-for-sale securities:			
Arising during the year	¥ 102,097	¥ 25,291	$ 997
Reclassification adjustment through profit or loss	—	504	—
Before tax effect	102,097	25,795	997
Tax effect	(38,807)	(1,799)	(379)
Net-of-tax amount	63,290	23,996	618
Deferred gain on derivatives under hedge accounting:			
Arising during the year	4,861	22,217	47
Reclassification adjustment through profit or loss	—	—	—
Before tax effect	4,861	22,217	47
Tax effect	(2,118)	(5,125)	(20)
Net-of-tax amount	2,743	17,092	27
Foreign currency translation adjustments:			
Arising during the year	1,173,276	84,820	11,455
Reclassification adjustment through profit or loss	—	—	—
Before tax effect	1,173,276	84,820	11,455
Tax effect	—	—	—
Net-of-tax amount	1,173,276	84,820	11,455
Other comprehensive income of affiliates accounted for by equity method:			
Arising during the year	281,228	6,004	2,746
Reclassification adjustment through profit or loss	—	—	—
	281,228	6,004	2,746
Total other comprehensive income	¥ 1,520,537	¥ 131,912	$ 14,846

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 financial institutes. 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, 2013 and 2012 are as follows:
Financial instruments whose fair value is extremely difficult to measure are not included in the below table.

	Thousands of yen					
	2013			2012		
	Carrying amount	Fair value	Differences	Carrying amount	Fair value	Differences
Cash and deposits	¥ 3,716,612	¥ 3,716,612	¥ —	¥ 2,493,586	¥ 2,493,586	¥ —
Trade notes and accounts receivable	2,427,933	2,427,933		3,284,702	3,284,702	
less: Allowance for doubtful receivables *1	(455)	(455)		(34,137)	(34,137)	
	2,427,478	2,427,478	—	3,250,565	3,250,565	—
Investment securities	409,047	406,994	(2,053)	202,008	202,008	—
Long-term loan *2	—	—		34,170	34,170	
less: Allowance for doubtful receivables *3	(—)	(—)		(14,365)	(14,365)	
	—	—	—	19,805	19,805	—
Total assets	¥ 6,553,137	¥ 6,551,084	¥ (2,053)	¥ 5,965,964	¥ 5,965,964	¥ —
Trade notes and accounts payable	¥ 2,321,741	¥ 2,321,741	¥ —	¥ 1,778,077	¥ 1,778,077	¥ —
Short-term borrowings	711,360	711,360	—	781,840	781,840	—
Bond *4	130,000	130,579	579	70,000	69,783	(217)
Long-term borrowings *5	1,936,247	1,924,089	(12,158)	1,843,223	1,809,904	(33,319)
Total liabilities	¥ 5,099,348	¥ 5,087,769	¥ (11,579)	¥ 4,473,140	¥ 4,439,604	¥ (33,536)
Derivatives *6	¥ 20,019	¥ 20,019	¥ —	¥ 15,158	¥ 15,158	¥ —

	Thousands of U.S. dollars		
	2013		
	Carrying amount	Fair value	Differences
Cash and deposits	$ 36,288	$ 36,288	$ —
Trade notes and accounts receivable	23,705	23,705	
less: Allowance for doubtful receivables *1	(4)	(4)	
	23,701	23,701	—
Investment securities	3,994	3,974	(20)
Long-term loan	—	—	
less: Allowance for doubtful receivables	(—)	(—)	
	—	—	—
Total assets	$ 63,983	$ 63,963	$ (20)
Trade notes and accounts payable	$ 22,669	$ 22,669	$ —
Short-term borrowings	6,946	6,946	—
Bond *4	1,269	1,275	6
Long-term borrowings *5	18,905	18,786	(119)
Total liabilities	$ 49,789	$ 49,676	$ (113)
Derivatives *6	$ 195	¥ 195	$ —

*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
   Fair value of long-term borrowings 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, 2013 and 2012 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Investment securities: Unlisted stock, etc.	¥ 0	¥ 127,115	$ 0
Investments in capital of affiliates: Unlisted stock, etc.	1,300,697	1,001,732	12,700
Others: Unlisted stock, etc.	17,789	17,789	174
	¥ 1,318,486	¥ 1,146,636	$ 12,874

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	¥ 3,716,612	¥ —	¥ —
Trade notes and accounts receivable	2,427,933	—	—
Total	¥ 6,144,545	¥ —	¥ —

	Thousands of U.S. dollars		
	Within one year	More than one year through five years	More than five years
Cash and deposits	$ 36,288	$ —	$ —
Trade notes and accounts receivable	23,705	—	—
Total	$ 59,993	$ —	$ —

21. DERIVATIVES

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

The Company had no derivatives outstanding at November 30, 2013 and 2012 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, 2013 and 2012:

		Thousands of yen	
	Hedged items	Contract or notional amounts	Fair value
November 30, 2013			
Forward exchange contracts:			
Selling foreign currency:	Accounts receivable		
U.S. dollar		¥ 19,295	¥ (606)
Euro		17,717	(1,085)
Buying foreign currency:	Accounts payable		
U.S. dollar		200,575	6,440
Euro		256,551	14,280
Other currencies		20,831	989
Interest rate swaps — fixed rate payment, floating rate receipt	Long-term borrowings	1,690,000	*

	Hedged items	Thousands of yen: 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		*

	Hedged items	Thousands of U.S. dollars: Contract or notional amounts		Fair value	
November 30, 2013					
Forward exchange contracts:					
Selling foreign currency:	Accounts receivable				
U.S. dollar		$	188	$	(6)
Euro			173		(11)
Buying foreign currency:	Accounts payable				
U.S. dollar			1,958		63
Euro			2,505		139
Other currencies			203		10
Interest rate swaps — fixed rate payment, floating rate receipt	Long-term borrowings		16,501		*

* 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, 2013, 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.	¥	15,255	$	149

At November 30, 2013, the Company was contingently liable for investment guarantee of ¥11,391 thousand ($111 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, 2013 and 2012, 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's subsidiary with N-TECH Co., Ltd. at November 30, 2013 and 2012 and related transactions for the years then ended are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Balances:			
Accounts receivable	¥ 10	¥ 27	$ 0
Accounts payable	10,651	8,192	104
Transactions:			
Sales of pallet and buffer material, etc.	4,710	8,411	46
Purchases of materials and repair of machinery	72,240	104,731	705

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

For the year ended November 30, 2012, 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.
For the year ended November 30, 2012, the subsidiary collected ¥560 thousand and provided an allowance for doubtful receivables of ¥13,980 thousand. As a result, at November 30, 2012, the outstanding loan balance is ¥17,190 thousand.

For the year ended November 30, 2013, the Company's subsidiary extended ¥31,170 thousand ($304 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.
For the year ended November 30, 2013, the subsidiary collected ¥31,170 thousand ($304 thousand). As a result, at November 30, 2013, the outstanding loan balance is nil.

Condensed financial information of the significant affiliate

The condensed financial information of the significant affiliate, Altech New Material (Shenzhen) Co., Ltd. at November 30, 2013 and 2012 is as follows:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Total current assets	¥ 2,694,414	¥ 1,982,650	$ 26,307
Total non-current assets	866,987	475,283	8,465
Total current liabilities	659,499	217,036	6,439
Total non-current liabilities	—	—	—
Total net assets	2,901,902	2,240,897	28,333
Sales	5,550,150	5,344,742	54,190
Income before income taxes	48,071	178,084	469
Net income	36,053	148,059	352

24. 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, 2013 and 2012 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Net income from the rental property	¥ 170,328	¥ 116,144	$ 1,663

(2) The carrying amounts and fair values related to the rental property at November 30, 2013 and 2012, and movement of the carrying amount for the years then ended are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
At beginning of the year	¥ 605,659	¥ 629,546	$ 5,913
Movement	758,782	(23,887)	7,409
At end of the year	¥ 1,364,441	¥ 605,659	$ 13,322
Fair value at end of the year	¥ 1,511,919	¥ 716,522	$ 14,762

Notes

1. Because rental property is not significant, total amount of the rental property and the property if part of it used as rental, is presented.
2. Carrying amount is the amount after deducting accumulated impairment losses and accumulated depreciation from the acquisition cost.
3. For the year ended November 30, 2013, main increase is ¥655,104 thousand ($6,396 thousand) in purchase of property and main decrease is ¥75,612 thousand ($738 thousand) in depreciation.
4. The fair value is primarily calculated based on "real estate appraisal standards."

25. 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 PET bottles, plastic caps and provides related services. “Other business” manufactures and sells recycled plastic pallets 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 and manufacturing costs.

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, 2013 and 2012 are summarized as follows:

	Thousands of yen					
	2013					
	Reported segments					
	Wholesale	Preform	Other	Total	Adjustments	Consolidated
Operating revenues:						
Revenues from third parties	¥ 10,092,113	¥ 5,058,299	¥ 1,440,962	¥ 16,591,374	¥ –	¥ 16,591,374
Intersegment revenues	5,344	12,952	17,827	36,123	(36,123)	–
Total	10,097,457	5,071,251	1,458,789	16,627,497	(36,123)	16,591,374
Segment income (loss)	¥ 484,057	¥ (56,235)	¥ 41,766	¥ 469,588	¥ (159,849)	¥ 309,739
Segment assets	¥ 2,848,292	¥ 10,313,818	¥ 1,057,799	¥ 14,219,909	¥ 2,544,437	¥ 16,764,346
Others:						
Depreciation and amortization	¥ 23,451	¥ 938,358	¥ 78,024	¥ 1,039,833	¥ (86)	¥ 1,039,747
Increase in property and equipment and intangible assets	¥ 37,556	¥ 610,356	¥ 69,733	¥ 717,645	¥ 12,269	¥ 729,914

	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 U.S. dollars					
	2013					
	Reported segments					
	Wholesale	Preform	Other	Total	Adjustments	Consolidated
Operating revenues:						
Revenues from third parties	$ 98,536	$ 49,388	$ 14,069	$ 161,993	$ –	$ 161,993
Intersegment revenues	52	126	174	352	(352)	–
Total	98,588	49,514	14,243	162,345	(352)	161,993
Segment income (loss)	$ 4,726	$ (549)	$ 408	$ 4,585	$ (1,561)	$ 3,024
Segment assets	$ 27,810	$ 100,701	$ 10,328	$ 138,839	$ 24,843	$ 163,682
Others:						
Depreciation and amortization	$ 229	$ 9,162	$ 762	$ 10,153	$ (1)	$ 10,152
Increase in property and equipment and intangible assets	$ 367	$ 5,959	$ 681	$ 7,007	$ 120	$ 7,127

The adjustment in “Segment income (loss)” for the years ended November 30, 2013 and 2012 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Intersegment transactions	¥ 4,730	¥ (70,390)	$ 46
Non-categorized expenses	(199,278)	(142,220)	(1,946)
Adjustments of fixed assets	34,699	35,364	339
	¥ (159,849)	¥ (177,246)	$ (1,561)

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, 2013 and 2012 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Intersegment balances	¥ (1,348,923)	¥ (1,365,947)	$ (13,170)
Non-categorized assets	3,893,360	3,399,152	38,014
	¥ 2,544,437	¥ 2,033,205	$ 24,844

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		Thousands of U.S. dollars
	2013	2012	2013
Japan	¥ 10,040,746	¥ 10,683,317	$ 98,035
Asia	4,615,268	4,473,586	45,062
Americas	21,322	4,827	208
Europe	1,892,434	2,048,716	18,477
Other	21,604	23,352	211
	¥ 16,591,374	¥ 17,233,798	$ 161,993

(2) Property and equipment

	Thousands of yen 2013	Thousands of yen 2012	Thousands of U.S. dollars 2013
Japan	¥ 352,033	¥ 505,600	$ 3,437
Asia	5,200,054	4,522,752	50,772
	¥ 5,552,087	¥ 5,028,352	$ 54,209

3. Information by major customers

The information for major customers for the year ended November 30, 2013 and 2012 are as follows:

Customer	Segment	Thousands of yen 2013	Thousands of yen 2012	Thousands of U.S. dollars 2013
DNP PHOTO IMAGING EUROPE SAS	Wholesale	¥ 1,708,641	¥ 1,867,548	$ 16,683

Information of impairment loss on fixed assets by reported segments

	Thousands of yen				
	Wholesale	Preform	Other	Adjustments	Consolidated
November 30, 2013					
Impairment loss	¥ 940	¥ –	¥ 149,711	¥ –	¥ 150,651
November 30, 2012					
Impairment loss	¥ –	¥ 59,840	¥ 8,761	¥ 18,852	¥ 87,453

	Thousands of U.S. dollars				
	Wholesale	Preform	Other	Adjustments	Consolidated
November 30, 2013					
Impairment loss	$ 9	$ –	$ 1,462	$ –	$ 1,471

Impairment loss for November 30, 3013 is included in Loss on business structure improvement.

Information of amortization and balance of goodwill
Goodwill is not recorded for the year ended November 30, 2013 and 2012.

Negative goodwill incurred by reported segments
Negative goodwill is not recorded for the year ended November 30, 2013 and 2012.

26. 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, 2013 and 2012 are as follows:

	Yen 2013	Yen 2012	U.S. dollars 2013
Basic net income per share	¥ 4.11	¥ 1.38	$ 0.04

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Net income	¥ 75,542	¥ 26,420	$ 738
Net income not applicable to common shareholders	–	–	–
Net income applicable to common shareholders	¥ 75,542	¥ 26,420	$ 738

	Number of shares	
	2013	2012
Weighted average number of shares outstanding on which basic net income per share is calculated	18,388,421	19,091,749

The diluted net income per share for the year ended November 30, 2013 and 2012 are not presented as there are not dilutive potential shares at each year end.

(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, 2013 and 2012 are as follows:

	Yen		U.S. dollars
	2013	2012	2013
Net assets per share	¥ 559.99	¥ 459.02	$ 5.47

	Thousands of yen		Thousands of U.S. dollars
	2013	2012	2013
Total net assets	¥ 9,710,724	¥ 8,842,055	$ 94,813
Amount deducted from total net assets:			
Minority interests	108,597	78,613	1,060
Net assets applicable to common shareholders	¥ 9,602,127	¥ 8,763,442	$ 93,753

	Number of shares	
	2013	2012
Number of shares outstanding at end of year on which net assets per share is calculated	17,146,869	19,091,737